

Determinants Influencing Micro, Small, and Medium Enterprises (MSMEs) Decisions to Pursue Halal Certification

Moh. Bahrudin¹, Muhammad Iqbal^{2*}, Ghina Ulfa Saefurrohman³, John Walsh⁴

Abstract: Understanding the factors that influence Micro, Small, and Medium Enterprises (MSMEs) to obtain halal certification is important because it can help increase their participation, strengthen consumer trust, and promote sustainable growth in the halal sector. This study aims to analyze the determinants influencing MSMEs' decisions to pursue halal certification, focusing on five critical factors: consumer awareness, regulatory processes, trust and reputation, economic considerations, and religiosity. Employing a quantitative explanatory research design, supplemented by qualitative interviews, data were collected from 100 MSMEs' operating in the food, beverage, cosmetics, and fashion sectors. All constructs showed high validity and reliability, with Cronbach's Alpha ranging from 0.783 to 0.828 and item-total correlations above 0.30, while the Kolmogorov-Smirnov test confirmed that the residuals followed a normal distribution. Additionally, the Variance Inflation Factor (VIF) and tolerance values indicated no multicollinearity among the independent variables, and the Glejser test showed no heteroskedasticity, supporting the validity and reliability of the regression model. The results indicate that consumer awareness ($\beta = 0.308, p < 0.01$), regulatory processes ($\beta = 0.153, p < 0.05$), trust and reputation ($\beta = 0.204, p < 0.05$), and religiosity ($\beta = 0.249, p < 0.01$) significantly and positively influence MSMEs' decisions to pursue halal certification, while economic factors ($\beta = 0.020, p = 0.764$) have no significant effect. The study concludes that consumer awareness, regulatory process, trust, and religiosity influence MSMEs' decisions to pursue halal certification.

Keywords: consumer awareness, halal certification, regulatory process, religiosity, trust

e-mail: mohbahrudin@radenintan.ac.id¹, iqbalfebi@radenintan.ac.id^{*2}, ghinaulfa@radenintan.ac.id³, dr.john.wal@staff.krirk⁴

*Corresponding Author

Received: October 18, 2024

Accepted: August 31, 2025

Published: August 31, 2025

How to cite this article (APA 7th Edition Reference Style): Bahrudin, M., Iqbal, M., Saefurrohman, G. U., & Walsh, J. (2025). Determinants Influencing Micro, Small, and Medium Enterprises (MSMEs) Decisions to Pursue Halal Certification. *Indonesian Journal of Halal Research*, 7(2), 125–137. <https://doi.org/10.15575/ijhar.v7i2.39949>

^{1,2,3}Faculty of Islamic Economics and Business, Universitas Islam Negeri Raden Intan Lampung, Jl. Endro Suratmin, Sukarame, Bandar Lampung, Lampung, 35131, Indonesia. ⁴Krirk University, British International College Ram Inthra Rd, Anusawari, Bang Khen, Bangkok, 10220, Thailand.

1. Introduction

Despite Indonesia's status as home to the world's largest Muslim population and rising demand for halal-certified products, the rate of halal certification among Micro, Small, and Medium Enterprises (MSMEs) remains surprisingly low (Bahrudin et al., 2024). The limited engagement of MSMEs, the backbone of the national economy, not only constrains growth in the halal sector but also weakens Indonesia's competitive position in the global halal market (Anwar & Bin Sarip, 2024). Understanding the factors that drive or hinder MSMEs' certification decisions is therefore essential for unlocking this sector's untapped potential and for formulating effective, inclusive halal development policies (Fathoni et al., 2025).

The halal industry has evolved from a religious obligation into a globally significant economic sector. The State of the Global Islamic Economy Report in 2023 projects the global halal market to exceed USD 3 trillion by 2025, covering food, cosmetics, pharmaceuticals, fashion, and finance. As the country with the world's largest Muslim population and a growing consumer base, Indonesia is well positioned to become a global halal hub (Qizwini & Purnama, 2024). Yet MSME participation in halal certification remains limited. Because MSMEs contribute substantially to national output and employment, insufficient engagement may hinder Indonesia's performance in the global halal economy and reduce opportunities to leverage its demographic and market advantages (Azizah et al., 2025).

In response, the Government of Indonesia implemented regulatory frameworks, most notably the Halal Product Assurance Law (Undang-Undang Jaminan Produk Halal, UU JPH), enacted in 2019. Nevertheless, empirical observations indicate that MSMEs continue to encounter complex procedures, limited access to information, financial constraints, and uncertainty about the tangible benefits of certification (Azam et al., 2024). While some firms report post-certification gains in consumer trust and market access, others remain reluctant in the face of these persistent obstacles. Prior studies have examined MSME behavior regarding halal certification but often focus on individual drivers, such as consumer awareness (Putra et al., 2023), regulatory clarity (Boakye et al., 2022), or economic factor thereby providing only a partial account of decision-making in the post-UU JPH regulatory environment.

This study addresses that limitation by concurrently examining five determinants of MSMEs' certification decisions: consumer awareness, regulatory processes, trust and reputation, economic factors, and religiosity. The multidimensional approach provides a more nuanced and comprehensive account of internal and external drivers shaping decisions within the halal domain (Mubarok & Imam, 2020). Consumer awareness is widely recognized as a key influence in halal markets. As awareness increasingly shapes consumer behavior, particularly among younger, urban Muslims, MSMEs must align offerings and branding accordingly. Prior studies indicate that higher consumer awareness raises demand for certified products, thereby pressuring producers to comply with standards (Abbas et al., 2025).

Regulatory support is another critical determinant. Although the government has introduced facilitative measures, including cost subsidies and digital platforms, persistent perceptions of bureaucratic inefficiency and information asymmetry continue to deter many MSMEs (Khan et al., 2019). Evaluating whether these policy instruments have effectively reduced barriers is essential for assessing the impact of UU JPH and for guiding subsequent regulatory refinements. Trust and reputation also shape certification behavior. In markets with limited product differentiation, halal certification functions as a credence signal that reduces information asymmetry and communicates ethical integrity and quality assurance. By strengthening brand credibility, certification can foster repeat purchases and loyalty among consumers with high halal sensitivity, thereby reinforcing firms' incentives to certify. Religiosity introduces a value-based motivation for certification. For many MSME owners, business choices reflect moral responsibility and religious commitment, not solely instrumental considerations. Prior work suggests that religiosity can motivate behavior beyond economic reasoning, framing halal certification as an ethical duty rather than mere compliance.

Previous studies have examined various factors shaping MSMEs' halal certification behavior, yet most remain partial and fragmented. For example, research by Abbas et al. (2025) and Putra et al. (2023) has identified consumer awareness as a driver of certification demand, while other work highlights the role of regulatory clarity and government facilitation (Boakye et al., 2022; Susanty et al., 2022). Studies have also noted the influence of economic barriers, particularly certification costs (Ab Rashid & Bojei, 2020), and the importance of trust and reputation in building consumer loyalty (Quoquab et al., 2020). Additionally, religiosity has been recognized as a motivational construct in halal-related business decisions (Chowdhury, 2018). However, these investigations often focus on a single or limited set of

variables, providing only a unidimensional understanding of MSMEs' decision-making processes. This study addresses that limitation by simultaneously examining five critical determinants: consumer awareness, regulatory processes, trust and reputation, economic considerations, and religiosity, within a single, comprehensive framework. To our knowledge, few studies have systematically integrated these dimensions, particularly in Indonesia following the 2019 enactment of the Halal Product Assurance Law (UU JPH). Although this law introduced mandatory halal certification, empirical evidence on how MSMEs respond to its implementation across multiple influencing factors remains limited.

The novelty of this study lies in its multidimensional approach, which bridges fragmented findings from prior research and incorporates both institutional drivers (regulation, trust, economic considerations) and value-based motivations (consumer awareness and religiosity). By integrating behavioral, institutional, and spiritual dimensions, the study provides a more holistic understanding of MSMEs' halal certification decisions. Practically, it offers evidence-based insights for policymakers to design interventions that balance market incentives, regulatory facilitation, and socio-religious values to promote adoption. Accordingly, the main objective is to empirically assess the extent to which consumer awareness, regulatory processes, trust and reputation, economic factors, and religiosity influence MSMEs' decisions to pursue halal certification in Indonesia. By addressing the research gap and advancing both theoretical and practical insights, the study seeks to enrich the literature on halal business strategies and to support the broader goal of strengthening Indonesia's position in the global halal economy.

2. Materials and Methods

2.1. Research Design

This study employed a quantitative explanatory design to examine factors influencing the halal certification decisions of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. The primary objective was to evaluate the relationships among several predictor variables and a single outcome variable using structured surveys and inferential statistical analyses. The dependent variable (the decision to pursue halal certification), was measured with five indicators capturing intentions, actions, and perceived benefits as reported by respondents. The independent variables comprised five constructs derived from prior empirical research and theory in consumer behavior, institutional theory, and Islamic business ethics: (1) consumer awareness, reflecting MSME actors' recognition of the importance and demand for halal products (Junaidi, 2021; Puspitaningrum et al., 2021; Tuhuteru & Iqbal, 2024); (2) halal regulations and certification processes, indicating perceived clarity, accessibility, and procedural efficiency (Koc et al., 2025; Noordin et al., 2014; Supriyadi et al., 2024); (3) trust and reputation, capturing how certification enhances brand credibility and market positioning (Amelia & Tambunan, 2024; Le et al., 2024; Lee et al., 2020); (4) economic factors, encompassing cost considerations and perceived financial implications (Brüggen et al., 2017; Iqbal et al., 2022); and (5) religiosity, reflecting the extent to which internalized religious values motivate adherence to halal practices (Koc et al., 2025; Loussaief et al., 2024; Mukhtar & Butt, 2012). Together, these variables provide a comprehensive basis for understanding the interplay of market, institutional, and personal influences on MSMEs' halal certification decisions.

2.2. Population, Sampling Method, and Sample Size

The target population comprised Micro, Small, and Medium Enterprises (MSMEs) operating in sectors mandated by law or religion to obtain halal certification, specifically food, beverage, cosmetics, and fashion. A purposive sampling technique was used to ensure that participants were relevant and suitable for the research objectives. The inclusion criteria covered MSMEs that had already secured halal certification, those currently engaged in the certification process, and those expressing interest in certification but not yet commenced. In total, 100 MSME owners or managers participated. The minimum sample size was determined using Cochran's formula, appropriate for categorical data and smaller populations. With a 95% confidence level and a 10% margin of error, the minimum required sample was 96. The final sample of 100 exceeded this threshold, ensuring sufficient statistical power for multiple regression analysis and enhancing the representativeness of the findings within the sectors studied.

2.3. *Instrument Development and Validation*

The primary data-collection instrument was a structured questionnaire consisting of 30 items, distributed across six constructs, five independent variables and one dependent variable. Each item was measured on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). The items were adapted and synthesized from previously validated instruments: consumer awareness (Buerke et al., 2017), regulatory processes (Jaeger & Monk, 2014), trust and reputation (Herzig et al., 2010), economic factors (Ab Rashid & Bojei, 2020), religiosity (Chowdhury, 2018), and the halal certification decision construct (Jaiyeoba et al., 2020). Construct validity was assessed via item-total correlations, with all items exceeding the minimum acceptable threshold ($r > 0.30$). Internal consistency reliability was evaluated using Cronbach's alpha, with all constructs above 0.70, thereby meeting recommended standards for reliability in social-science research (Scholtes et al., 2011). These results confirm that the instrument is statistically valid and reliable for capturing MSMEs' perceptions and behaviors regarding halal certification.

2.4. *Data Collection*

Data were collected over four months, from May to August 2024, using a combination of face-to-face and online distribution to maximize response rates and ensure broad geographic coverage. The questionnaire was administered in both print and digital formats, tailored to respondents' access and preferences. Before completing the instrument, each respondent received a brief explanation of the study's objectives, the structure of the questionnaire, and the estimated completion time. Participation was voluntary, and respondents were informed of their right to withdraw at any time without penalty. All responses were anonymized, no personally identifiable information was collected, and data were used exclusively for academic purposes and stored securely to ensure confidentiality. This combination of ethical safeguards and multimodal administration enhanced the reliability of responses and the generalizability of findings, particularly for geographically dispersed Micro, Small, and Medium Enterprises (MSMEs) in Indonesia.

2.5. *Data Analysis*

This study employed descriptive and inferential statistical techniques to analyze the data. Descriptive statistics summarized respondents' demographic characteristics and the distributions of study variables. Inferential analysis used multiple linear regression to assess the simultaneous and partial effects of the five independent variables on the dependent variable, MSMEs' decision to pursue halal certification. Before estimating the regression model, classical assumption tests were conducted to ensure robustness and validity. Residual normality was evaluated using the Kolmogorov-Smirnov test, multicollinearity was assessed with Variance Inflation Factor (VIF) and tolerance values, and heteroskedasticity was examined using the Glejser test. All analyses were performed in IBM SPSS Statistics, version 23, with statistical significance set at $p < 0.05$.

3. **Results and Discussion**

Table 1 presents the demographic and business characteristics of the surveyed MSMEs. Gender composition was relatively balanced (55% male, 45% female). Educational attainment was concentrated among respondents with a high school diploma (40%) and a bachelor's degree (30%), indicating that engagement in halal-related entrepreneurship spans a wide range of educational backgrounds rather than being limited to highly educated actors. Sectorally, food and beverage accounted for the largest share (71%), followed by cosmetics (10%) and other halal-sensitive products (19%), while no respondents operated in the fashion sector, underscoring the predominance of food-related enterprises in certification initiatives.

Most firms were classified as micro (61%) or small (35%), consistent with the overall structure of Indonesia's MSME sector. Business experience varied, with a substantial proportion of relatively young enterprises (≤ 3 years, 30%), suggesting that certification is considered important not only by established firms but also by new entrants. Regarding certification status, 45% had obtained halal certification, 30% were in process, and 22% had not yet started but expressed interest, with none reporting disinterest. These figures indicate strong recognition of the relevance of halal certification, even as procedural and institutional challenges continue to impede broader participation.

Table 1. Characteristics of Respondents

Characteristics	Category	Frequency (n)	Percentage (%)
Gender	Male	55	55
	Female	45	45
Education	High school	40	40
	Diploma (Associate Degree/ Three-Year Diploma)	20	20
	Bachelor	30	30
	Master	8	8
	Doctor	2	2
Type of Business	Food and Drinks	71	71
	Fashion	0	0
	Cosmetics	10	10
	Other halal-sensitive products	19	19
Business Scale	Micro (Turnover < IDR 300 million/year)	61	61
	Small (IDR 300 million–IDR 2.5 billion per year)	35	35
	Medium (IDR 2.5–50 billion/year)	4	4
Business Experience	1–3 years	30	30
	4–7 years	23	23
	8–9 years	29	29
	>10 years	18	18
Halal Certification Status	Already certified	46	45
	In process of certification	32	30
	Not started, but interested	22	35
	Not planning to certify	0	0

3.1. Instrument Validity and Reliability

Table 2 shows that all constructs met the validity and reliability criteria. Item–total correlation coefficients for all variables exceeded the minimum threshold of 0.30, confirming construct validity (Scholtes et al., 2011). Cronbach's alpha values ranged from 0.783 to 0.828, surpassing the recommended 0.70 benchmark. Specifically, consumer awareness ($\alpha = 0.826$), regulatory processes ($\alpha = 0.807$), trust and reputation ($\alpha = 0.811$), economic factors ($\alpha = 0.828$), religiosity ($\alpha = 0.783$), and MSMEs' certification decisions ($\alpha = 0.790$) exhibited strong internal consistency. These results indicate that the instrument is statistically reliable and appropriate for measuring the determinants of halal certification decisions among MSMEs.

Table 2. Instrument Validity Test Results

Variable	Item	Item–total correlation (r)	Cronbach's alpha
Consumer Awareness	Search for halal labels on products	0.635	0.826
	Confidence in the quality of products with halal labels	0.732	
	Willingness to pay more for halal products	0.616	
	Observation of halal products in the market	0.531	
	Knowledge of the meaning of the halal label	0.617	
Regulatory Processes	Clarity of regulations regarding halal labels	0.435	0.807
	Efficiency and transparency of the halal certification process	0.541	
	Halal certification fees	0.740	
	Education and training by the government	0.746	
	Competence of halal certification bodies	0.526	
Trust and Reputation	Increased consumer confidence	0.652	0.811
	Increased business reputation	0.652	
	Consumer trust in products labelled halal	0.765	
	Increased product competitiveness	0.609	
	Moral responsibility as a Muslim entrepreneur	0.352	

Table 2. Instrument Validity Test Results (continued)

Variable	Item	Item-total correlation (r)	Cronbach's alpha
Economic Factors	Impact of certification costs on product prices	0.704	0.828
	Increased business profits	0.573	
	Development of the halal product market	0.597	
	Incentives from the government	0.631	
	New market opportunities	0.630	
	Obligation to obtain the halal label as a Muslim	0.521	
Religiosity	Performance of the five daily prayers	0.616	0.783
	Recitation of the Holy Qur'an	0.536	
	Observance of Ramadan fasting	0.594	
	Payment of zakat and charitable giving	0.533	
	Search for halal labels on products	0.550	
MSME Players' Decisions in Obtaining a Halal Label	Belief in the impact of the halal label on sales	0.512	0.790
	Halal certification fees	0.590	
	Halal certification process	0.602	
	Knowledge of halal certification	0.592	
	Government facilities	0.635	

3.2. Classical Assumption Tests

Before estimating the regression model, classical assumption tests were conducted to assess robustness and statistical validity. The diagnostics covered normality, multicollinearity, and heteroskedasticity. All analyses were performed in IBM SPSS Statistics, version 23 for Windows. Residual normality was evaluated using the Kolmogorov–Smirnov test. As reported in Table 3, the Kolmogorov–Smirnov Z was 0.545 with a significance level of 0.928. Because the p-value exceeds the conventional alpha of 0.05, the null hypothesis of normally distributed residuals cannot be rejected, confirming that the normality assumption for regression is satisfied.

Table 3. Normality Test

One-Sample Kolmogorov-Smirnov Test	
Kolmogorov-Smirnov Z	0.545
Asymp. Sig. (2-tailed)	0.928

Analysis of Variance Inflation Factor (VIF) and tolerance values was conducted to assess multicollinearity among the independent variables. As shown in Table 4, all VIF values were below the conventional threshold of 10, and all tolerance values exceeded 0.10. These results indicate the absence of multicollinearity and confirm that the predictors are suitable for inclusion in the regression model.

Table 4. Multicollinearity Test

Variable	Tolerance	VIF
Consumer Awareness	0.483	2.069
Regulatory Processes	0.635	1.576
Trust and Reputation	0.492	2.033
Economic Factors	0.682	1.467
Religiosity	0.569	1.759

Heteroskedasticity was assessed using the Glejser test. As shown in Table 5, all auxiliary regressions produced p-values greater than 0.05, indicating that residual variance is constant across observations. Thus, there is no evidence of heteroskedasticity, and the homoskedasticity assumption is satisfied. Taken together with the other classical diagnostics, these results confirm that the regression model meets the fundamental requirements of the classical linear regression framework, supporting the validity and reliability of the estimated parameters (Melo et al., 2020).

Table 5. Heteroskedasticity Test

Variable	t-Statistics	Sig
Consumer Awareness	-0.634	0.527
Regulatory Processes	-0.018	0.986
Trust and Reputation	-0.146	0.884
Economic Factors	-0.582	0.562
Religiosity	0.515	0.608

3.3. Regression Analysis Findings

As reported in Table 6, the multiple linear regression results indicate that four of the five independent variables significantly affect MSMEs' decisions to pursue halal certification. Consumer awareness ($\beta = 0.308$, $p < 0.01$), regulatory processes ($\beta = 0.153$, $p < 0.05$), trust and reputation ($\beta = 0.204$, $p < 0.05$), and religiosity ($\beta = 0.249$, $p < 0.01$) exert statistically significant positive effects. Among these, consumer awareness has the strongest influence, suggesting that higher awareness of halal products strongly encourages MSMEs to obtain certification.

By contrast, economic factors ($\beta = 0.020$, $p = 0.764$) are not statistically significant. The model exhibits robust explanatory power, with $R^2 = 0.674$ and adjusted $R^2 = 0.656$, indicating that approximately 65.6% of the variance in MSME decisions is explained. The overall model fit is confirmed by the F-statistic ($F = 38.785$, $p < 0.001$), which indicates significance at the 1% level.

Table 6. Regression Analysis Results

Variable	Coefficient	t-Statistics	p-Value
Constanta	2.816	2.023	0.046
Consumer Awareness	0.308	4.271	0.000
Regulatory Processes	0.153	2.071	0.041
Trust and Reputation	0.204	2.607	0.011
Economic Factors	0.020	0.302	0.764
Religiosity	0.249	3.154	0.002
R^2		: 0.674	
Adjusted R^2		: 0.656	
F-statistic		: 38.785	
Prob (F-statistic)		: 0.000	
Is	:		
*	:	indicates statistical significance at 10%	
**	:	indicates statistical significance at 5%	
***	:	indicates statistical significance at 1%	

3.4. Consumer Awareness

The results show that consumer awareness has a positive and statistically significant effect on MSMEs' decisions to seek halal certification ($\beta = 0.308$, $p < 0.01$). This finding is consistent with Agustiningsih et al. (2024), who emphasize that heightened sensitivity to halal attributes generates market-driven pressure for producers to obtain certification. In such cases, certification functions as a credibility signal, fostering trust and perceived value among ethically aware consumers. From the perspective of the Theory of Planned Behavior from Kan and Fabrigar (2017), consumer awareness helps shape the subjective norms that influence MSME behavior. When MSMEs perceive that consumers attach importance to halal practices, this perception forms a normative expectation that increases the intention to adopt certification, particularly when accompanied by high perceived behavioral control, such as access to certification information and resources.

Consumer awareness also serves a dual role: it reflects external market demand and reinforces internal values within MSMEs, especially those grounded in religious and ethical beliefs (Ab Talib, 2017). The presence of a knowledgeable and vigilant consumer base encourages firms to formalize these values through mechanisms such as halal certification. Accordingly, awareness acts both as a market driver and as a behavioral motivator, linking societal expectations with business compliance practices (Al-Hattami et al., 2024).

3.5. Regulatory Processes

Regulatory and certification processes significantly encourage Micro, Small, and Medium Enterprises (MSMEs) to pursue halal certification ($\beta = 0.153$, $p < 0.05$). This result aligns with (Fakhri & Khemaies, 2017), who emphasize that transparent regulations and well-organized procedures motivate adoption. Clear, attainable requirements help MSMEs understand the pathway to certification, reducing confusion and lowering administrative hurdles. These findings underscore the critical role of government institutions in cultivating a supportive business environment in which regulation facilitates, rather than impedes, halal compliance.

The evidence also indicates that recent policy reforms, such as fee subsidies and online application systems, have been well received by MSMEs (Nuryanah et al., 2023). Such measures reduce administrative burdens, improve access to certification services, and encourage broader participation. These policy changes reflect governmental responsiveness to stakeholder needs for efficiency and transparency (Herd & Moynihan, 2023). Continued strengthening of the institutional ecosystem, including targeted outreach and guidance programs, is essential to enable MSMEs to capitalize on opportunities in the halal market. This strategy not only reinforces regulatory compliance but also supports sustainable development and competitiveness at national and international levels.

3.6. Trust and Reputation

Trust and reputation significantly influence MSMEs' decisions to obtain halal certification ($\beta = 0.204$, $p < 0.05$). This finding is consistent with Quoquab et al. (2020), who argue that halal labels function as strong trust signals, particularly in markets that prize authenticity and safety. For MSMEs, certification extends beyond fulfilling religious requirements; it strategically enhances brand reputation and fosters consumer loyalty. Where trust is pivotal, halal certification provides credible third-party validation that reduces information asymmetry between producers and consumers, thereby alleviating concerns about product legitimacy and quality.

Theoretical work by Herzig et al. (2010) likewise underscores trust as a cornerstone of durable business relationships. Certification offers a structured means for MSMEs to demonstrate reliability by signaling honesty and ethical practice in the marketplace. This credibility strengthens consumer confidence and supports long-term relational exchanges that are essential for firm sustainability and growth. Accordingly, halal certification should be viewed not only as regulatory compliance but also as a strategic asset that builds reputational capital and confers a competitive advantage in discerning halal markets, equipping MSMEs to navigate complex market conditions and evolving consumer demands.

3.7. Economic Factors

Interestingly, economic factors are not significant in MSMEs' decisions to obtain halal certification ($\beta = 0.020$, $p = 0.764$). This contrasts with prior evidence indicating that high certification costs pose a major challenge for MSMEs (Ab Rashid & Bojei, 2020). In the Indonesian context, the nonsignificant effect may reflect expanded governmental support, including fee waivers, capacity-building initiatives, and simplified procedures that collectively reduce the financial burden of certification and lower entry barriers.

The diminishing salience of economic factors may also signal a shift in decision-making toward perceived long-term advantages rather than immediate monetary costs. Firms appear to prioritize the strategic benefits of certification—greater market access, enhanced brand reputation, and increased consumer trust—over short-term expenditures. This perspective frames halal certification as an investment in sustainable growth and competitive positioning. Accordingly, policy frameworks should pair financial assistance with initiatives that raise awareness of the intangible value of certification, thereby encouraging wider adoption and supporting sectoral development.

3.8. Religiosity

Religiosity is a significant determinant of MSMEs' decisions to seek halal certification ($\beta = 0.249$, $p < 0.01$). This result accords with Chowdhury (2018), who highlights the substantial influence of religious values on entrepreneurial activity in Muslim communities. For many MSMEs operating in predominantly Muslim settings such as Indonesia, certification is more than regulatory compliance or a market strategy; it is perceived as a moral and spiritual obligation. In this sense, religiosity shapes business conduct by infusing operations with faith-based and ethical considerations, and adherence to halal standards is viewed as an expression of piety and commitment to Islamic principles.

The salience of religiosity also underscores the importance of integrating cultural and religious dimensions into halal business research and policy design. In contexts where religion pervades daily life and economic practice, overlooking religiosity risks missing a core motivator for certification adoption

(Bukhari et al., 2019). Researchers and policymakers should therefore adopt comprehensive approaches that account for religiosity alongside economic and institutional factors to better understand and support MSME participation in halal markets (Silalahi et al., 2022). Such strategies enhance the relevance and effectiveness of interventions and recognize the culturally embedded nature of halal entrepreneurship, promoting sustainable growth that aligns with community values.

3.9. Visual Representation of Findings

Figure 1 provides a visual summary of the regression results by displaying the standardized coefficients for the key variables in the model. The plot conveys the magnitude and direction of each predictor's association with MSMEs' decisions to pursue halal certification, complementing the numerical estimates reported in Table 6. By pairing tabular and graphical evidence, the figure facilitates comparison across predictors and helps identify the most influential determinants of certification behavior among business actors in Indonesia.

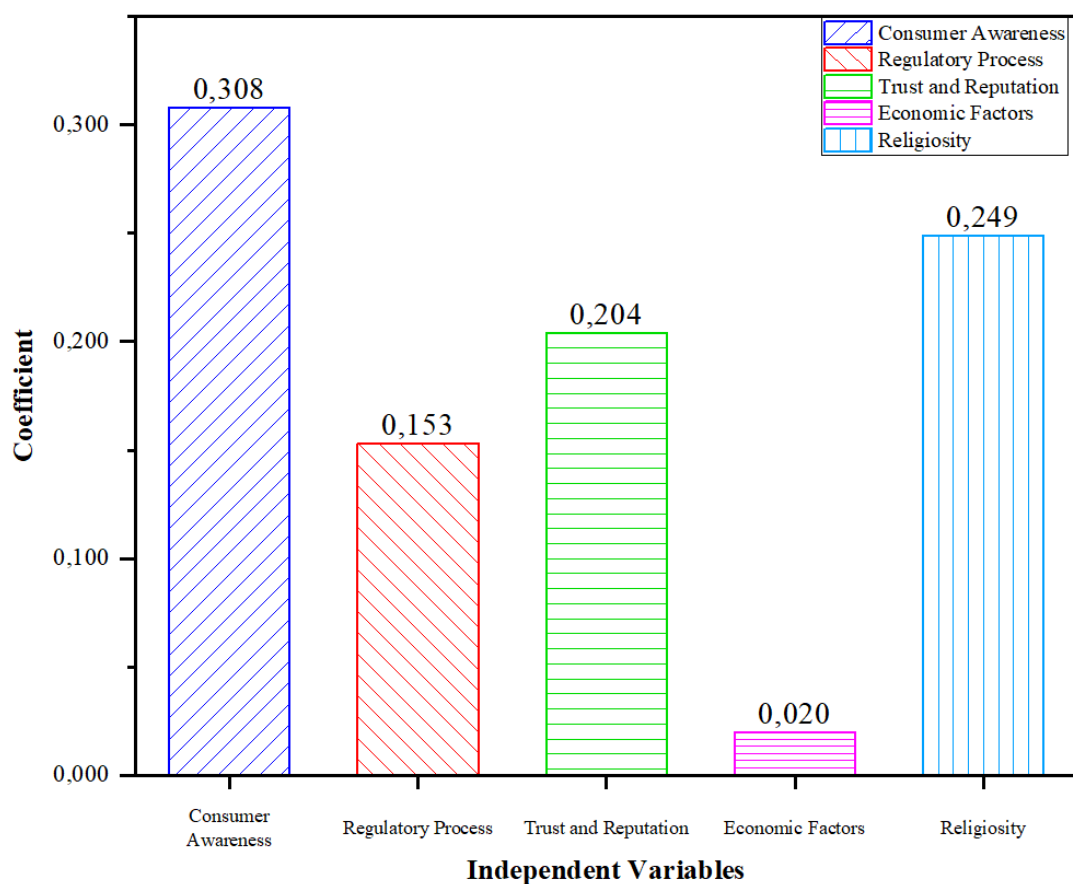


Figure 1. Standardized coefficients of determinants influencing MSMEs' decisions to pursue halal certification.

Figure 1 displays the standardized coefficients from the regression model, highlighting the relative importance of each independent variable in shaping MSMEs' halal certification decisions. Consumer awareness exerts the strongest influence ($\beta = 0.308$, $p < 0.001$), underscoring the role of market-driven perceptions and expectations in driving certification behavior. Religiosity follows ($\beta = 0.249$, $p = 0.002$), indicating the salience of internalized religious values in business practice, and trust and reputation ($\beta = 0.204$, $p = 0.011$) further reflect the importance of credibility and public image. Together, these three significant predictors suggest that external social pressures and internal moral commitments jointly motivate MSMEs to adopt halal certification as part of their operating standards.

The regulatory process also shows a significant, albeit smaller, effect ($\beta = 0.153$, $p = 0.041$), implying that governmental interventions, policy support, and streamlined procedures facilitate compliance. By contrast, economic factors are not significant ($\beta = 0.020$, $p = 0.764$), suggesting that financial considerations are no longer the primary constraint possibly due to expanded access to subsidies, grants, or more cost-effective certification frameworks. These results challenge conventional assumptions in the halal literature that emphasize costs as key deterrents and instead point to a shift toward more value-driven and trust-based motivations for achieving halal compliance.

4. Conclusion

This study advances scholarship on halal business practices by empirically examining the determinants of Indonesian Micro, Small, and Medium Enterprises' (MSMEs) decisions to pursue halal certification. The findings indicate that consumer awareness, supportive regulatory frameworks, trust and reputation, and religiosity significantly shape certification decisions. Consumer awareness and religiosity emerge as the strongest predictors, highlighting a dual dynamic in which market expectations and internalized religious values jointly drive adoption. These results underscore the intersection of demand-side pressures and ethical motivations in shaping organizational behavior within the halal ecosystem.

A notable insight is the nonsignificance of economic factors, which departs from conventional narratives that emphasize cost-related barriers. This pattern may reflect the positive effects of government initiatives such as financial subsidies and streamlined procedures that reduce perceived economic burdens. The evidence suggests a shift in how MSMEs view halal certification: not merely as a regulatory or cost-driven obligation, but as a strategic asset aligned with long-term sustainability and consumer trust. Policy implications follow directly. Public awareness campaigns, continued administrative simplification, and support for faith-informed entrepreneurship are critical to broadening MSME participation in the halal economy.

CRedit Authorship Contribution Statement

Moh. Bahrudin: Writing – original draft, Formal analysis. **Muhammad Iqbal:** Writing – review & editing, Methodology. **Ghina Ulfa Saefurrohman:** Writing – review & editing, Formal analysis. **John Walsh:** Writing – review & editing, Formal analysis.

Acknowledgments

The authors thank the Institute for Research and Community Service (LP2M), UIN Raden Intan Lampung, for supporting this research. We are also grateful to the MSME participants who shared their experiences with the halal certification process, and to our academic colleagues for their valuable input during manuscript preparation and data analysis. This study was supported by DIPA Research Funds, Fiscal Year 2024, from LP2M UIN Raden Intan Lampung.

References

- Ab Rashid, N., & Bojei, J. (2020). The relationship between halal traceability system adoption and environmental factors on halal food supply chain integrity in Malaysia. *Journal of Islamic Marketing*, 11(1), 117–142. <https://doi.org/10.1108/JIMA-01-2018-0016>
- Ab Talib, M. S. (2017). Motivations and benefits of halal food safety certification. *Journal of Islamic Marketing*, 8(4), 605–624. <https://doi.org/10.1108/JIMA-08-2015-0063>
- Abbas, H., Tian, G., Faiz, N., Jiang, M., & Ullah, H. (2025). Sustainable elements of the ongoing growth in the demand for halal products in OBOR regional markets. *Frontiers in Nutrition*, 12, 1533322. <https://doi.org/10.3389/fnut.2025.1533322>
- Agustiniingsih, M. D., Savitrah, R. M., Islami, N. N., & Lestari, P. C. A. (2024). Determinant factors influencing the interest in halal certification: The perspective of MSMEs in Indonesia. *AL-MUZARA'AH*, 12(2), 337–353. <https://doi.org/10.29244/jam.12.2.337-353>
- Al-Hattami, H. M., Senan, N. A. M., Al-Hakimi, M. A., & Azharuddin, S. (2024). An empirical examination of AIS success at the organizational level in the era of COVID-19 pandemic. *Global Knowledge, Memory and Communication*, 73(3), 312–330. <https://doi.org/10.1108/GKMC-04-2022-0094>
- Amelia, R., & Tambunan, D. (2024). The Influence of brand image and brand trust on the decision to study in the tax accounting study program (case study at Politeknik Unggul LP3M). *Journal of Finance Integration and Business Independence*, 1(1), 9–19. <https://doi.org/10.64276/jofibi.v1i1.8>
- Anwar, A., & Bin Sarip, M. M. (2024). SME support for halal industry and sharia economy in Indonesia: SWOT analysis. *Asian Journal of Islamic Management (AJIM)*, 6(1), 35–49. <https://doi.org/10.20885/AJIM.vol6.iss1.art4>
- Azam, M. S. E., Ahmad, A. N., & Jaiyeoba, H. B. (2024). Ranking and rating halal-certified restaurants in Malaysia: an application of AHP. *Journal of Islamic Marketing*, 15(7), 1743–1765. <https://doi.org/10.1108/JIMA-02-2023-0041>

- Azizah, S. N., Koeswinarno, Salam, A. N., Ansyah, R. H. A., Kustini, Atieqoh, S., & Fakhruddin. (2025). Linking halal certificate and micro, small and medium enterprises (MSMES) performance in Indonesia. *International Journal of Islamic and Middle Eastern Finance and Management*, 18(6), 1271–1290. <https://doi.org/10.1108/IMEFM-12-2023-0463>
- Bahrudin, M., Iqbal, M., Saefurrohman, G. U., & Walsh, J. (2024). Halal food industry: Reinforcing the halal product assurance organizing body (BPJPH) in the development of the among urban Muslim community in Indonesia. *Akademika: Jurnal Pemikiran Islam*, 29(1), 61–72. <https://doi.org/10.32332/akademika.v29i1.9039>
- Boakye, D., Sarpong, D., & Mordi, C. (2022). Regulatory review of new product innovation: Conceptual clarity and future research directions. *Technological Forecasting and Social Change*, 175, 121419. <https://doi.org/10.1016/j.techfore.2021.121419>
- Brüggen, E. C., Hogreve, J., Holmlund, M., Kabadayi, S., & Löfgren, M. (2017). Financial well-being: A conceptualization and research agenda. *Journal of Business Research*, 79, 228–237. <https://doi.org/10.1016/j.jbusres.2017.03.013>
- Buerke, A., Straatmann, T., Lin-Hi, N., & Müller, K. (2017). Consumer awareness and sustainability-focused value orientation as motivating factors of responsible consumer behavior. *Review of Managerial Science*, 11, 959–991. <https://doi.org/10.1007/s11846-016-0211-2>
- Bukhari, S. F. H., Woodside, F. M., Hassan, R., Shaikh, A. L., Hussain, S., & Mazhar, W. (2019). Is religiosity an important consideration in Muslim consumer behavior: Exploratory study in the context of western imported food in Pakistan. *Journal of Islamic Marketing*, 10(4), 1288–1307. <https://doi.org/10.1108/JIMA-01-2018-0006>
- Chowdhury, R. M. M. I. (2018). Religiosity and voluntary simplicity: The mediating role of spiritual well-being. *Journal of Business Ethics*, 152, 149–174. <https://doi.org/10.1007/s10551-016-3305-5>
- Fakhri, K., & Khemaies, B. (2017). Regulatory capital and stability of Islamic and conventional banks. *International Journal of Islamic and Middle Eastern Finance and Management*, 10(3), 312–330. <https://doi.org/10.1108/IMEFM-06-2016-0079>
- Fathoni, M. A., Priyatno, P. D., Wiryanto, F. S., & Rachbini, W. (2025). Unlocking barriers and strategies of halal certification for micro and small enterprises in Indonesia: Analytic network process approach. *Problems and Perspectives in Management*, 23(1), 169. [https://doi.org/10.21511/ppm.23\(1\).2025.13](https://doi.org/10.21511/ppm.23(1).2025.13)
- Herd, P., & Moynihan, D. (2023). Fewer burdens but greater inequality? Reevaluating the safety net through the lens of administrative burden. *The ANNALS of the American Academy of Political and Social Science*, 706(1), 94–117. <https://doi.org/10.1177/00027162231198976>
- Herzig, A., Lorini, E., Hübner, J. F., & Vercouter, L. (2010). A logic of trust and reputation. *Logic Journal of the IGPL*, 18(1), 214–244. <https://doi.org/10.1093/jigpal/jzp077>
- Iqbal, M., Kusuma, H., & Sunaryati, S. (2022). Vulnerability of Islamic banking in ASEAN. *Islamic Economic Studies*, 29(2). <https://doi.org/10.1108/IES-10-2021-0040>
- Jaeger, J., & Monk, N. (2014). Bioattractors: dynamical systems theory and the evolution of regulatory processes. *The Journal of Physiology*, 592(11), 2267–2281. <https://doi.org/10.1113/jphysiol.2014.272385>
- Jaiyeoba, H. B., Abdullah, M. A., & Dzuljastri, A. R. (2020). Halal certification mark, brand quality, and awareness: do they influence buying decisions of Nigerian consumers? *Journal of Islamic Marketing*, 11(6), 1657–1670. <https://doi.org/10.1108/JIMA-07-2019-0155>
- Junaidi, J. (2021). The awareness and attitude of Muslim consumer preference: the role of religiosity. *Journal of Islamic Accounting and Business Research*, 12(6), 919–938. <https://doi.org/10.1108/JIABR-08-2020-0250>
- Kan, M. P. H., & Fabrigar, L. R. (2017). Theory of Planned Behavior. In *Encyclopedia of Personality and Individual Differences* (pp. 1–8). Springer International Publishing. https://doi.org/10.1007/978-3-319-28099-8_1191-1
- Khan, S., Khan, M. I., & Haleem, A. (2019). Evaluation of barriers in the adoption of halal certification: a fuzzy DEMATEL approach. *Journal of Modelling in Management*, 14(1), 153–174. <https://doi.org/10.1108/JM2-03-2018-0031>
- Koc, F., Ozkan, B., Komodromos, M., Efendioglu, I. H., & Baran, T. (2025). The effects of trust and religiosity on halal products purchase intention: indirect effect of attitude. *EuroMed Journal of Business*, 20(5), 141–165. <https://doi.org/10.1108/EMJB-01-2024-0004>

- Le, T. T., Le, M. H., Nguyen Thi Tuong, V., Nguyen Thien, P. V., Tran Dac Bao, T., Nguyen Le Phuong, V., & Mavuri, S. (2024). Prestige over profit, corporate social responsibility boosts corporate sustainable performance: mediation roles of brand image and brand loyalty. *Journal of Global Responsibility*, 15(2), 215–244. <https://doi.org/10.1108/JGR-09-2023-0145>
- Lee, E. J., Bae, J., & Kim, K. H. (2020). The effect of sustainable certification reputation on consumer behavior in the fashion industry: Focusing on the mechanism of congruence. *Journal of Global Fashion Marketing*, 11(2), 137–153. <https://doi.org/10.1080/20932685.2020.1726198>
- Loussaief, A., Ying-Chao Lin, J., Phuc Dang, H., Bouslama, N., & Cheng, J. M.-S. (2024). Eating halal: a serial mediation model for the effect of religiosity on the intention to purchase halal-certified food. *Asia Pacific Journal of Marketing and Logistics*, 36(1), 167–184. <https://doi.org/10.1108/APJML-10-2022-0868>
- Melo, R. C. de, Trevisani, N., Santos, M. dos, Guidolin, A. F., & Coimbra, J. L. M. (2020). Statistical model assumptions achieved by linear models: classics and generalized mixed. *Revista Ciência Agronômica*, 51, e20196716.
- Mubarok, F. K., & Imam, M. K. (2020). Halal industry in Indonesia: Challenges and opportunities. *Journal of Digital Marketing and Halal Industry*, 2(1), 55–64. <https://doi.org/10.21580/jdmhi.2020.2.1.5856>
- Mukhtar, A., & Butt, M. M. (2012). Intention to choose Halal products: the role of religiosity. *Journal of Islamic Marketing*, 3(2), 108–120. <https://doi.org/10.1108/17590831211232519>
- Noordin, N., Noor, N. L. M., & Samicho, Z. (2014). Strategic approach to halal certification system: An ecosystem perspective. *Procedia-Social and Behavioral Sciences*, 121, 79–95. <https://doi.org/10.1016/j.sbspro.2014.01.1110>
- Nuryanah, S., Mahabbatussalma, F., & Satrio, A. A. (2023). Evaluation of government reform in tax administration: Evidence from micro, small and medium enterprises (MSMEs) in Indonesia. *International Journal of Public Administration*, 46(5), 313–325. <https://doi.org/10.1080/01900692.2021.1995746>
- Puspitaningrum, R., Damanhur, D., Falahuddin, F., Hasibuan, A. F. H., & Agustin, S. (2021). The Role of Micro Small Medium Enterprises (MSMEs) In Halal Industry Enhancement (Case Study of MSMEs in Lhokseumawe–Aceh). *Review of Islamic Economics and Finance*, 4(2), 137–154. <https://doi.org/10.17509/rief.v4i2.39630>
- Putra, P. A., Agus, & Saparuddin. (2023). Penerapan manajemen resiko likuiditas pada bank Syariah. *Jurnal Tabarru': Islamic Banking and Finance*, 6(1), 81–91. [https://doi.org/10.25299/jtb.2023.vol6\(1\).11649](https://doi.org/10.25299/jtb.2023.vol6(1).11649)
- Qizwini, J., & Purnama, D. G. (2024). Future trends in halal food: How innovative Islamic business models are redefining the Indonesian market. *Journal of Middle East and Islamic Studies*, 11(2), Article 9. <https://doi.org/10.7454/meis.v11i2.184>
- Quoquab, F., Sodom, N. Z. M., & Mohammad, J. (2020). Driving customer loyalty in the Malaysian fast food industry. *Journal of Islamic Marketing*, 11(6), 1367–1387. <https://doi.org/10.1108/JIMA-01-2019-0010>
- Rahmany, S. (2013). Manajemen Likuiditas Bank Syariah. *IQTISHADUNA: Jurnal Ilmiah Ekonomi Kita*, 2(1), 404–416.
- Scholtes, V. A., Terwee, C. B., & Poolman, R. W. (2011). What makes a measurement instrument valid and reliable? *Injury*, 42(3), 236–240. <https://doi.org/10.1016/j.injury.2010.11.042>
- Silalahi, S. A. F., Fachrurazi, F., & Fahham, A. M. (2022). Factors affecting intention to adopt halal practices: case study of Indonesian small and medium enterprises. *Journal of Islamic Marketing*, 13(6), 1244–1263. <https://doi.org/10.1108/JIMA-05-2020-0152>
- Supriyadi, S., Aulia, R., Nubahai, L., Ab Rahman, R., & Mohamed, R. (2024). Legal effectiveness of halal product certification in improving business economics in Indonesia and Malaysia. *Al-Ahkam*, 34(1), 193–220. <https://doi.org/10.21580/ahkam.2024.34.1.20546>
- Susanty, A., Puspitasari, N. B., Jati, S., & Selvina, O. (2022). Impact of internal and external factors on halal logistics implementation. *Journal of Islamic Marketing*, 13(5), 1143–1170. <https://doi.org/10.1108/JIMA-09-2020-0293>
- Tuhuteru, A. D., & Iqbal, M. (2024). Readiness of micro, small, and medium enterprises (MSMEs) in the food and beverage sector for halal certification implementation: A case study in Magelang, Indonesia. *Journal of Islamic Economics Lariba*, 10(2). <https://doi.org/10.20885/jielariba.vol10.iss2.art24>

Declaration of Competing Interest: The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.



© 2025 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY SA) license (<https://creativecommons.org/licenses/by-sa/4.0/>).