

UNIVERSITI TEKNOLOGI MARA

**FACTORS INFLUENCING
INTENTION TO ADOPT HALAL
CERTIFICATE AMONG SMALL
AND MEDIUM ENTERPRISES
(FOOD AND BEVERAGE) IN PERLIS**

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ABSTRACT

The rising demand for Halal-certified products, driven by religious and lifestyle preferences, has placed increasing pressure on Small and Medium Enterprises (SMEs) in the food and beverage industry to comply with Halal standards. Despite this, many SMEs in Malaysia remain hesitant to adopt Halal certification, particularly in less urbanised regions such as Perlis. This study aims to investigate the determinants influencing SMEs' intention to adopt Halal certification among SME owners in Perlis by employing the Theory of Planned Behavior (TPB). This study employed a quantitative method, where a questionnaire was utilised as a method in data collection to examine the relationship between the attitude of SME owners, consumers' lifestyle, and perceived behavioral control with intention to adopt Halal certification. The sample size consists of 80 active SMEs owners of food and beverage in Perlis. All data collection was analysed using the Statistical Package for Social Science (SPSS) version 29. The findings of this study indicate that the attitude of SME owners, consumers' lifestyle, and perceived behavioral control have a significant relationship with the intention to adopt Halal certification among SMEs (food and beverage) in Perlis. Thus, all of the hypotheses were supported in the adoption of Halal certification. Finally, the limitations and future research direction are briefly outlined. It is hoped that the results from this study will provide some guidelines for marketers, food producers, and relevant Malaysian statutory bodies. This is particularly true in improving policy and mechanisms to encourage SMEs owners in Malaysia to adopt Halal certification and embrace a better Halal concept in the near future.

Keywords: SME owners, Adoption Intention, Perlis, TPB, Halal Certification

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter explains the introduction of the study that will be conducted. This chapter consists of the research background and problem statement, followed by the research question, research objective, study scope and limitations, significance of the study, and definition of the terms. It ends with the conclusion of the chapter.

1.2 Research Background

The concept of Halal holds great importance for Muslims with Halal consciousness, as it encompasses not only the Halal status of products but also criteria related to safety, nutrients, quality, hygiene, purity, and health standards (Halal Development Corporation Berhad, 2023). The emergence of the Halal food industry as one of the largest consumer food markets has encouraged manufacturers to implement a Halal management system (Nor, Hashom, Subri, et al., 2022). As such, Muslim food manufacturers bear the responsibility of producing Halal products and services due to their deeper understanding of the Halal concept compared to non-Muslims. In order to effectively market Halal products and services to Muslim consumers, marketers should pay attention to their diverse perceptions, imperfections, and other considerations that may be considered cultural constructs shaped by their life in an Islamic culture, as mentioned by Waworuntu & Amri (2024). During the opening ceremony of the Summit for the Global Halal (GHAS) at the Malaysia International Trade and Exhibition Centre (MITEC) on September 12th, 2023, Datuk Seri Dr Mujahid Yusof Rawa, former Minister of Religious Affairs, highlighted that the Halal market encompasses various components of the service sector. For example, logistics, marketing, media and electronics, packaging, branding, and financing are estimated at RM 8.57 trillion (USD 2.1 trillion) (Nor, Hashom, Subri, et al., 2022). Thus, food manufacturers can benefit from Halal authentication, such as market expansion, higher income, and a strong competitive edge. Moreover, Muslim consumers nowadays prioritize Halal food consumption to ensure the safety and quality of the products, further emphasizing the