

## The factors that affect halal certification among small and medium enterprise food entrepreneurs in Ngawi



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### ABSTRACT

A halal lifestyle using halal-certified products is a vital necessity for Muslims. It allows Indonesia to become the world's largest producer and servicer of halal products. However, many uncertified halal products are circulating in the community, and the number of certified halal items tends to be small. Several factors influence the low quality of halal certification products. This Research aimed to identify factors influencing halal certification: education, knowledge, attitudes, behavior, and awareness. The Type of research was cross-sectional research. The research was conducted in the Ngawi district by comparing entrepreneurs with halal certification and entrepreneurs who still need to have halal certification, with the number of each sample of 26 entrepreneurs. The technique of sampling was purposive sampling. These research variables are factors associated with halal certification, including the level of education, knowledge, attitudes, behavior, and awareness of the entrepreneur acquired through interviews using validated questionnaires and the reliability of the questionnaire. The education, knowledge, and attitude data were analyzed using a chi-square *test*. The behavior and halal awareness were analyzed using the Fisher *test*. The statistical test results showed a p-value of  $< 0.001$  on the variables of knowledge, education, attitude, and behavior, so it can be said that knowledge, education, behavior, and attitude positively affect halal certification. However, based on the statistical test on the halal awareness variable, the relationship test results of p-value  $> 0.05$ , so it can be said that halal awareness does not positively affect halal certification. This research concludes that education, knowledge, attitudes, and behavior influence legal certification. Awareness of halal behavior does not affect halal certification.

**Keywords: Attitude, Behavior, Education, Halal awareness, Halal certification knowledge**

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### INTRODUCTION

A halal lifestyle that uses halal-certified products is a necessity for Muslims. It allows Indonesia to become the world's largest producer and servicer of halal products and services. The Halal certificate is a security guarantee for Muslim consumers to choose good food for themselves and according to religious rules (Tumangger et al., 2022). According to the Central Statistical Agency in the Census of 2020, the population of Indonesia represents the Muslim majority of the existing population, representing 87.2% of the total population or approximately 270.203.917 million people in 2020, while the Muslim population in the world is 28.68% of the world's population or 2.18 billion people (Badan Pusat Statistik, 2020a). By 2022, the largest micro-industry enterprises were in Java Island, which was 63.11%, with a percentage in eastern Java of 19.68%. UMKM Food industry is the industrial group with the most significant percentages among other industries, 36.08% (Badan Pusat Statistik, 2020b). In the Ngawi district, there are 47,132 UMKM, and UMKM produces many food products.

In Indonesia, the government welcomed the economic potential by issuing Government Regulation Number 31 of 2019 on the Implementation Regulations of Law No. 33 of 2014 about the Guarantee of Halal Products. The legislation reinforced by the government's regulations is also expected

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to provide legal certainty to consumers, especially the Muslim community, which is the largest consumer. MUI has the function of giving a Halal testimony, which is the basis for the publication of a Halal certificate by the BPJPH. In addition, MUI has other functions regulated by the law, which simultaneously reinforce the legitimacy of halal certificates (Aliyudin et al., 2022).

Awareness of consuming halal products creates a huge market potential for producers to produce halal products. Nurhasanah, in his research, said that halal awareness and certification positively and significantly influence buying intentions (Nurhasah et al., 2017). Halal product certification positively impacts building the Halal business environment in Indonesia. For consumers, halal certification provides protection, security, and information about the validity of products and becomes a tool of business ethics. Halal certification offers benefits that enhance consumer confidence and access to the global Halal food market (Warto & Samsuri, 2020). However, many uncertified halal products are circulating in the community, and the number of certified halal items tends to be small.

Several factors influence the low quality of halal certification products. Factors influencing halal certification are information and knowledge constraints, funding, busyness, lack of interaction between entrepreneurs, the lack of entrepreneur awareness, the absence of socialization, and the construction of halal product certification of the BPJPH institutions (Maksudi, 2023). Four factors influence the interest of UMKM prosecutors to perform halal certification: UMKM's belief that the products that are produced are already halal; UMKM's understanding of halal certifications; the awareness of the UMKM about halal certificates to produce halal products; and the cost of submission of halal Certifications (Harbit, 2022). In her research, Amanda states that the factors influencing halal certification are the certification process, certification costs, certification requirements, and halal awareness. Fajriani says three variables significantly influence halal recertification: profit, education, and the lack of the process of halal recertification (Amanda, 2021). Halal certification is essential for UMKM products in the food field. Low products with halal certifications must be researched to identify the factors that influence halal certification related to education, knowledge, attitudes, behavior, and halal awareness. Additionally, knowing factors that affect halal certification can identify the potential solution to overcome Halal food challenges (Al-shami & Abdullah, 2023). People will be aware of halal, which can help influence purchasing decisions (Ali & Ahmad, 2023).

## **RESEARCH METHOD**

This research is an observational analytical research with a cross-sectional research design. The research was conducted in the Ngawi district by comparing entrepreneurs who have halal certification and entrepreneurs who do not have halal certification. The study's total sample was 52 respondents, comprising 26 respondents who had been certified as halal and 26 who had not yet been certified as halal. The number of samples was calculated using the Lameshow formula. The technique of Sampling was purposive sampling. These independent variables were the factors associated with halal certification, including the level of education, knowledge, attitudes, behavior, and awareness of the entrepreneur. Data characteristics of education, knowledge, attitudes, behavior, and halal awareness were obtained through interviews using questionnaires that have been validated and a reliability questionnaire. The validity and reliability questionnaire was tested using the Pearson product-moment test. The data collected will be processed through editing, coding, entry, and tabulating stages. The education, knowledge, and attitude data were analyzed using a chi-square *test*. The behavior and halal awareness were analyzed using the *Fisher test*.

## **RESULT AND DISCUSSION**

Based on gender characteristics (Table 1), education, and long-standing UMKM stands, both the uncertified UMKM groups and those certified halal are mainly of the female gender. Most respondents had equal high school and college education, and most belonged to the UMKM group that had not been certified halal and had been certificated halal for the past five to ten years.

Table 2 shows that the factors influencing halal certification are education, knowledge, attitudes, and behavior ( $p < 0.05$ ). While halal awareness is not an influential factor for halal certifications ( $p > 0.05$ ), education influences halal ( $p = 0.035$ ). 92.3% of UMKMs certified halal have higher education,

and 30.8% of uncertified UMKMs have lower education. Fajriani's research showed that three variables significantly influence halal recertification, one of which is education (Fajriani & Wiliasih, 2018).

**Table 1.** Characteristics of gender, education, and long-standing UMKM stands.

Variable	UMKM does not have a halal certification		UMKM has halal certification		Total	
	n	%	n	%	n	%
<b>Gender</b>						
Man	6	11.5	8	15.4	14	26.9
Woman	20	38.5	18	34.6	38	73.1
<b>Education</b>						
Elementary school	3	5.8	0	0	3	4.8
Junior high school	5	9.6	2	3.8	7	13.5
Senior high school	10	19.2	12	23.1	22	42.3
College	8	15.4	12	23.1	20	38.5
<b>long-standing UMKM</b>						
5-10 years	21	40.4	23	44.2	44	84.6
11-15 years	1	1.9	0	0	1	1.9
>15 years	4	7.7	3	5.8	7	13.5

**Table 2.** Factors influencing halal certification.

Variable	UMKM does not have a halal certification		UMKM has halal certification		Total
	n	%	n	%	
<b>Education</b>					
Low	8	30.8	2	7.7	0.035 <sup>a</sup>
Hight	18	69.2	24	92.3	
<b>Knowledge</b>					
Low	14	53.8	4	15.4	0.004 <sup>a</sup>
Hight	12	46.2	22	84.6	
<b>Attitudes</b>					
Bad	5	19.2	0	0	0.019 <sup>a</sup>
Good	21	80.8	26	100	
<b>Behavior</b>					
Bad	6	23.1	0	0	0.023 <sup>b</sup>
Good	20	76.9	26	100	
<b>Halal awareness</b>					
Bad	3	11.5	2	7.7	0.5 <sup>b</sup>
Good	23	88.5	24	92.3	

Description: <sup>a</sup> Chi-Square; <sup>b</sup> Friedman

Knowledge influences halal certification ( $p < 0.001$ ). Approximately 84.6% of UMKM that have halal certification have good knowledge, and 53.8% of UMKM that have not halal certification have less knowledge. SMEs who have good knowledge of halal agree that halal certification is beneficial to SME development (Giyanti & Indriastiningsih, 2019). The results of Rahmania's research showed that the interest of rice business people in applying for halal certification was influenced by internal factors such as knowledge. The businessman's knowledge of halal certification and the belief that Muslims influence the validity of food (Rahmanita et al., 2023). The findings from an interview by Muhammad highlighted some of the challenges in the halal certification process, including the lack of proper guidelines for halal certifications (Muhammad et al., 2020). In his study, Rahman said that respondents who have good knowledge of the concept of Al-Tayyibat (all types of halal foods) mentioned in the

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Qur'an are also able to distinguish between good and bad foods and pay full attention to food hygiene in terms of preparation, processing, and marketing (Rahman et al., 2011).

Behavior influences halal certification ( $p < 0.05$ ). As many as 100% of UMKMs certified halal have good behavior towards halal. The environment influences one's behavior and results from observing other people's conduct, which is then replicated in behavior when receiving the same stimulus. Knowledge will significantly influence attitudes toward the halal label, and so will behavior (Aji, 2018).

Attitude influences halal certification ( $p < 0.05$ ). A 100% certified UMKM has a good attitude. A person's behavior depends heavily on his interests, while his behavioral interests depend heavily on the attitude and the subjective norms of behavior. Individual attitudes are formed by a combination of beliefs and evaluations of experience or education, which strongly influence behavior (Adiyanto & Amaniyah, 2023). Attitude is influenced by sound knowledge. Religious knowledge affects a positive attitude towards a halal label, which can direct the intention to conduct a halal certification process in one's business (Silalahi et al., 2022).

Based on the research results, it is known that halal awareness does not influence halal certification ( $p > 0.05$ ). This may be because halal consciousness alone is sufficiently influential in the process of legal certification with the presence of religiosity. Religiosity is among the most prominent and extensive social factors influencing behavior (Karimi et al., 2022).

## CONCLUSION

Education, knowledge, attitudes, and behavior influenced halal certification in Small and Medium Enterprise Food Entrepreneurs in Ngawi. However, halal awareness was not affected by halal certification decisions by Small and Medium Enterprise Food Entrepreneurs in Ngawi.

## ACKNOWLEDGEMENT

The author would like to thank Universitas Darussalam Gontor for providing research grants to conduct this research. The author would like to thank all respondents willing to participate in the research.

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