

## READINESS FOR HALAL CERTIFICATION: IMPACT OF ANNUAL SALES ON SMES IN SELANGOR

WAHAB, Y. A. A.<sup>1</sup> – JALIL, S. Z. S. A.<sup>1\*</sup> – HASHIM, H.<sup>1</sup>

<sup>1</sup> *Faculty of Communication, Visual Art and Computing, Universiti Selangor, Selangor, Malaysia.*

*\*Corresponding author  
e-mail: shzuraidah[at]unisel.edu.my*

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**Abstract.** This study examines the influence of annual turnover on the willingness of product-based small and medium enterprises (SMEs) in Malaysia to become halal certified. While SMEs generally show a positive attitude towards certification, the results indicate that actual willingness is significantly influenced by company size, especially turnover level. The descriptive analysis shows that SMEs with medium turnover RM3 million to RM14.9 million score the highest on willingness, suggesting that companies in the growth phase are more strategically inclined towards certification initiatives. A one-way ANOVA confirms that annual turnover has a significant impact on readiness, emphasising the importance of financial capacity in facilitating certification engagement. Supplementary non-parametric tests Kruskal-Wallis and chi-square show turnover-related differences in the dimensions of readiness, particularly in commitment and persistence. Medium-sized companies show stronger commitment but lower persistence, possibly due to resource constraints and changing strategic priorities. Other dimensions of readiness such as accountability, willingness, competitiveness, compliance, influence and trustworthiness remain consistently high across all turnover categories, reflecting a strong ethical and market-orientated motivation in the Malaysian SME sector. These findings are relevant for policy makers and industry players. Tailored policy approaches are recommended to improve readiness across all SME segments, with a particular focus on medium enterprises that have to cope with the twin challenges of limited resources and the need for scalability. Consistent trustworthiness and compliance at all turnover levels illustrates the deep cultural and institutional integration of halal values an advantage that can be leveraged to increase the uptake of certification. While financial scale influences certain aspects of readiness, the sector's widespread positive attitude towards halal certification provides a promising foundation for expanding the halal certification landscape in Malaysia and strengthening its competitive position in the global halal economy through inclusive, scale-sensitive strategies.

**Keywords:** *halal certification, Small and Medium Enterprises (SMEs), annual revenue, readiness, willingness*

### Introduction

The global halal industry has experienced significant growth over the past decade, fuelled by the increasing demand for halal products and services not only in Muslim-majority countries but also in non-Muslim markets. Malaysia, as a leading player in the halal economy, has established comprehensive regulatory frameworks and certification systems to ensure compliance with halal standards and build consumer confidence both domestically and internationally (Hashim and Othman, 2021; Ahmad et al., 2020). Small and medium-sized enterprises (SMEs), which form the backbone of the Malaysian economy and account for approximately 38.3% of GDP and more than 66% of employment, play a central role in this sector. However, despite the increasing importance of halal certification in improving market access and competitiveness, there are still differences in the willingness of SMEs to pursue halal certification, which is influenced by various internal and external factors. Recent studies have shown that

while many SMEs express a positive attitude towards halal certification, the actual adoption rate varies significantly depending on business size and financial capacity (Aziz and Rahman, 2020; Mohd Noor and Hassan, 2019). Financial capacity, particularly annual sales revenue or revenue, is often identified as a determining factor in the ability of SMEs to engage in the certification process, which often involves significant costs, time and resources (Jamil et al., 2018). This is in line with wider research on certification uptake in other sectors and countries, where company size and economic scale have been associated with varying levels of readiness and compliance (Hassan and Rahman, 2020; Al-Qaradawi and Farooq, 2019).

In Malaysia, SMEs are categorised into micro, small and medium enterprises based on annual revenue thresholds, with medium enterprises typically having more robust operating structures but also facing unique challenges such as limited flexibility compared to smaller firms and fewer resource buffers than larger firms. Understanding how revenue levels influence the dimensions of readiness such as commitment, persistence, accountability, competitiveness and trustworthiness is crucial to formulating targeted policies and support mechanisms that can effectively bridge the gaps in readiness and accelerate the adoption of certification. The main objective of this study is to investigate the relationship between annual sales and the readiness of product-based SMEs in Selangor to adopt halal certification. In particular, it aims to find out how the different revenue categories influence SMEs' willingness to engage in the certification process as well as their commitment and persistence in complying with halal standards. Through the use of statistical analyses, including one-way ANOVA, Kruskal-Wallis and chi-square tests, this study aims to provide empirical evidence on the influence of financial dimension on willingness to certify, thereby contributing to the limited body of knowledge that focuses on Malaysian SMEs in the halal industry.

The significance of this study lies in its potential to inform policy makers, certification bodies and industry stakeholders about the nuanced needs of SMEs at different financial scales. The findings show that while ethical motivation and basic trustworthiness are high across all income groups, commitment and persistence vary significantly, which particularly penalizes medium-sized companies that may not have the support structures available to larger companies or the entrepreneurial agility of smaller companies. The study therefore advocates tailored measures such as financial incentives, technical support and targeted awareness-raising programs that take into account the heterogeneity of SMEs. These recommendations aim to enhance Malaysia's ability to maintain its leadership role in the global halal economy by promoting a more inclusive and strategically focused certification environment. In summary, this research highlights the critical role of financial capacity in shaping SMEs' readiness for halal certification and emphasizes the need for scale-sensitive approaches in policy and practice. By linking theoretical insights and practical considerations, it provides a solid foundation for improving the uptake of halal certification, thereby supporting Malaysia's overall economic development and the growth of the halal industry.

### ***Literature review***

The halal industry in Malaysia is a significant contributor to the nation's economy, with small and medium-sized enterprises (SMEs) playing a pivotal role. Despite the evident benefits of halal certification such as enhanced market access, consumer trust, and competitiveness many SMEs face challenges in achieving certification readiness. Readiness, in this context, refers to a firm's capacity and willingness to comply with the

stringent requirements set by halal authorities, including processes related to hygiene, documentation, traceability, and religious compliance. Several studies have assessed the readiness of Malaysian SMEs to adopt halal certification. Ibrahim and Sa'adan (2023) evaluated the readiness of food industries in Malaysia to implement the mandatory Malaysia Halal Certification Scheme (MHCS), finding a moderate readiness level of 64%. Factors such as education level, race, and religion influenced readiness, with higher readiness observed among Malays and Muslims with higher education levels. Micro-enterprises, in particular, face unique challenges. A research study highlighted financial constraints, complex application procedures, and lack of awareness as primary barriers for Muslim-owned SMEs seeking halal certification. These challenges underscore the need for targeted support to enhance readiness among smaller SMEs.

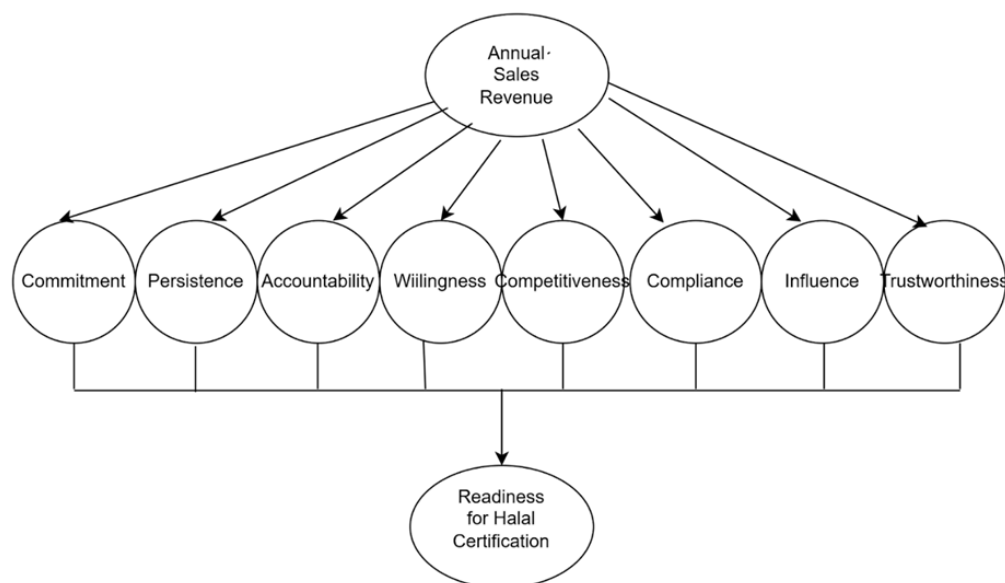
Comparative studies reveal that SMEs in other countries face similar challenges regarding halal certification readiness. In Indonesia, Effendi (2023) emphasized the importance of human resource development and government support in enhancing SMEs' readiness for halal certification. Similarly, in Singapore, knowledge management practices were found to significantly impact the performance of halal SMEs, suggesting that internal capabilities are crucial for certification readiness. In the Philippines, despite being a Christian-majority country, the government has implemented the Halal Act of 2016 to promote halal certification among businesses. This initiative aims to enhance the country's participation in the global halal market, indicating the importance of government involvement in facilitating certification processes. Various methodologies have been employed to assess halal certification readiness among SMEs. Quantitative approaches, such as surveys and statistical analyses, have been commonly used. For instance, Ibrahim and Sa'adan (2023) utilized structured questionnaires and SPSS software to analyze data from 514 food companies. Similarly, Baharudin et al. (2019) employed partial least squares structural equation modeling to examine the relationship between halal certification approaches and SME performance. Qualitative methods have also been applied. Mohd Yusof and Ahmad Khan (2024) conducted in-depth interviews with halal-certified SMEs in Penang to explore factors influencing certification success, providing rich insights into the experiences of SMEs. Additionally, conceptual frameworks, such as the Resource-Based View (RBV) theory, have been proposed to understand the internal capabilities influencing halal certification adoption among SMEs.

The readiness of Malaysian SMEs for halal certification is influenced by various factors, including financial capacity, awareness, and internal capabilities. Comparative studies from other countries highlight the universal challenges faced by SMEs in achieving halal certification and the importance of government support and internal resource development. Employing diverse methodologies, including quantitative, qualitative, and conceptual approaches, provides a comprehensive understanding of the factors affecting halal certification readiness. Future research should focus on developing targeted strategies to enhance readiness among SMEs, particularly micro-enterprises, to strengthen Malaysia's position in the global halal industry.

## **Materials and Methods**

This study utilizes a quantitative research design to investigate the influence of annual revenue on the willingness of product-based small and medium enterprises (SMEs) in Selangor, Malaysia to adopt halal certification. The conceptual framework as

shown in *Figure 1* underlying this research assumes that annual revenue serves as a critical independent variable that influences several facets of readiness, including commitment, persistence, accountability, willingness, competitiveness, compliance, influence and trustworthiness. This framework aims to clarify how financial capacity influences the strategic orientation and operational readiness of SMEs in Selangor towards halal certification, thereby contributing to the broader discourse on the adoption of certification in the halal economy. To operationalize the framework, data was collected using a structured questionnaire developed based on validated scales from previous studies and adapted to the context of Selangor SMEs' readiness for halal certification. The instrument collected data on annual revenue, categorized into micro, small and medium enterprises based on the Malaysian SME definition, and detailed assessments of readiness in several dimensions. These dimensions were selected to reflect both attitudinal and behavioural components required for successful adoption of certification, with previous research highlighting their relevance (Ab Talib et al., 2017). The study sample consisted of 95 respondents (SMEs), mostly business owners and senior managers of food, beverage and product manufacturing companies in various districts of Selangor. Given practical constraints such as accessibility and limited resources, a random sample was drawn. While this approach, which is not a probability sample, improves the feasibility and convenience of data collection, it inevitably leads to limitations in terms of the generalizability of the results beyond the sample. Nonetheless, random sampling remains a generally accepted method in exploratory applied research when targeting specific industry sectors (Etikan et al., 2016).



**Figure 1.** Conceptual framework.

Data analysis was conducted using a combination of descriptive and inferential statistical methods to ensure a comprehensive examination of the proposed relationships. The descriptive statistics summarized the demographic data and business profiles of the respondents and provided insights into the distribution of sales categories and other relevant characteristics such as age, gender, education and business type. To test the hypothesized impact of annual revenue on readiness, a one-way analysis of variance (ANOVA) was conducted to identify statistically significant differences

between revenue groups for each readiness dimension. Given the possibility of non-normal data distributions and ordinal measurement scales within the readiness constructs, non-parametric tests namely Kruskal-Wallis and chi-square analyses were used to test these associations with greater robustness (Field, 2024). In addition, a correlation analysis was conducted to assess the strength and direction of the interrelationships between the readiness variables to gain a more nuanced understanding of the interaction of these factors in SMEs. A multiple regression analysis was conducted to determine the predictive influence of annual revenue and related factors on overall readiness. This step enabled the identification of key determinants and provided empirical evidence for targeted policy and managerial interventions to facilitate the adoption of halal certification (Hair et al., 2019). Overall, this methodological approach aligns with the conceptual framework by rigorously exploring the multidimensional nature of halal certification readiness in terms of financial scale. It provides a detailed understanding of the challenges and factors faced by SMEs at different stages of growth, contributing valuable insights for the development of inclusive and customized strategies that support Malaysia's ambitions in the global halal market.

## Results and Discussion

This section begins with a descriptive analysis of the status of halal certification of SMEs in Selangor, highlighting different levels of interest and readiness. The differences in willingness were then analyzed using ANOVA and the Kruskal-Wallis test. Significant differences were found between income levels and readiness domains such as engagement and persistence. These results indicate that company size plays an important role in the readiness to be Halal certified.

### *Descriptive statistics*

#### *Halal status*

This section provides a descriptive analysis of the status of halal certification among SMEs in Selangor. Understanding the level of certification is critical in assessing industry readiness, awareness and compliance with halal standards. The data sheds light on the level of interest, actions and achievements of SMEs in halal certification and provides insights into potential gaps, challenges and opportunities for support and policy development. *Table 1* summarizes the current status reported by the SMEs surveyed. The data indicate varying levels of engagement with the halal certification process among the 95 respondents. The largest proportion of respondents (43.2%, n=41) indicated that they are interested in obtaining halal certification but have not yet taken any action. This suggests a substantial level of awareness and potential intent within the business community, although readiness or capacity to act may still be lacking. Another 28.4% (n=27) reported that they are considering applying for halal certification in the future, reflecting a more tentative interest or early-stage awareness. Notably, 20.0% (n=19) of the businesses have already obtained halal certification, indicating a successful engagement with the process and potentially greater institutional capacity or motivation. A small number of respondents (5.3%, n=5) indicated that they had previously applied for certification but were unsuccessful, highlighting possible barriers in the application process. Only 3.2% (n=3) stated that they are not interested in applying for halal certification, suggesting that resistance or rejection of halal standards

is minimal among the sample. Overall, the findings show that a significant majority (74.7%) are either interested in halal certification or actively considering it, reflecting positive attitudes toward halal compliance, although only a minority have completed the process. This suggests opportunities for targeted support or policy interventions to facilitate certification uptake.

**Table 1.** *Halal status of SME in Selangor.*

Item	Frequency	Percentage
The SMEs are not interested in applying for it	3	3.2
The SMEs are considering it for the future	27	28.4
The SMEs are interested but have not taken any steps yet	41	43.2
The SMEs have applied before but were unsuccessful	5	5.3
The SMEs already have the certificate	19	20
Total	95	100

### ***Mean readiness towards halal certification***

Table 2 presents the mean scores of SMEs perceptions across different categories of SME revenue. The analysis revealed variation in mean values depending on the revenue bracket, suggesting that company size measured by revenue may influence respondents' views on the subject under investigation. SME with annual revenue of less than RM300,000 (n=59) reported a mean score of 4.5720, while those in the RM300,000 to RM2,999,999 category (n=17) had a slightly higher mean of 4.6838. Interestingly, the highest mean score of 4.8750 was recorded among firms with revenue between RM3,000,000 and RM14,999,999 (n=5), indicating a more favorable perception or stronger agreement within this group. However, a noticeable decline was observed in firms generating between RM15,000,000 and RM19,999,999, where the mean dropped to 3.8250 (n=5). One category, marked as "56 9" with a mean score of 4.3333, appears to be misclassified or a data entry error and should be reviewed for accuracy. Overall, the total mean score across all 95 SMEs was 4.5461, indicating a generally positive perception or agreement level regardless of company revenue, though some variation is evident across revenue bands.

**Table 2.** *Mean readiness towards Halal Certification.*

Annual revenue	N	Mean	Standard deviation	Standard error
Less than RM300,000	59	4.572	0.49687	0.06469
RM300,000 - RM2,999,999	17	4.6838	0.52126	0.12642
RM3,000,000 - RM14,999,999	5	4.875	0.08839	0.03953
RM15,000,000 - RM19,999,999	5	3.825	0.58363	0.26101
RM20,000,000 - RM50,000,000	9	4.3333	0.51158	0.17053
Total	95	4.5461	0.52657	0.05403

### ***Analysis of variance***

To further examine factors influencing Halal certification readiness among SMEs in Selangor, this section applies a one-way Analysis of Variance (ANOVA). Specifically, it investigates whether there are significant differences in mean readiness scores across different levels of annual revenue. By comparing the variation between income groups and within each group, this analysis helps identify whether income level plays a role in influencing an SME's preparedness to pursue Halal certification. The results of this

analysis are summarized in *Table 3*. To investigate whether organizational readiness differs significantly based on annual income levels, a one-way analysis of variance (ANOVA) was conducted. The results revealed a statistically significant difference in mean readiness scores across the income categories,  $F(4,90) = 3.971$ ,  $p = .005$ . The between-groups sum of squares was 3.910 with a mean square of 0.978, while the within-groups sum of squares was 22.154, resulting in a total variance of 26.064. The significance value of  $p = 0.005$  indicates that the differences in readiness scores among the various income groups are unlikely due to chance. These findings suggest that annual income has a significant effect on organizational readiness, with higher or mid-tier income groups potentially exhibiting greater readiness levels compared to lower or higher extremes. This trend is further supported by the descriptive statistics, which show variation in mean readiness scores across different income brackets.

**Table 3.** Mean readiness to Halal certification towards annual revenue.

Sum of squares	df	Mean square	F	Significance
3.91	4	0.978	3.971	0.005
22.154	90	0.246		
26.064	94			

### ***Non-parametric test***

In this study, non-parametric statistical methods were used to analyse the relationship between company characteristics and their willingness to be halal certified. In particular, the Kruskal-Wallis test was chosen as it is suitable for analysing data that do not necessarily meet the assumptions of normality and homogeneity of variance often required for parametric tests. Given that the data on company willingness and annual turnover contain ordinal measures or have a non-normal distribution, the use of a non-parametric approach ensures a more robust and reliable analysis. This method allows the comparison of several independent groups without assuming a specific data distribution, thus increasing the validity of the results in the context of the real business world.

### ***The impact of annual sales revenue on halal certification readiness domains***

The present study employed the Kruskal-Wallis non-parametric test to examine differences across various readiness domain for Halal certification based on companies' annual sales revenue. The findings reveal significant variation in multiple domains which is accountability, commitment, trustworthiness, willingness, competitiveness, influence, perseverance, and compliance highlighting the nuanced relationship between company size and readiness factors (*Table 4*). Accountability was significantly higher among mid-sized companies with annual sales between RM3,000,000 and RM14,999,999. This suggests that firms within this revenue bracket perceive a stronger sense of responsibility toward Halal certification, despite confidence in the use of Halal ingredients. Conversely, larger firms (RM15,000,000–RM19,999,999) demonstrated comparatively lower accountability, potentially reflecting reliance on established quality assurance processes or delegation of certification responsibilities within organizational structures. This disparity underscores the differential perception of accountability as a function of firm size, consistent with prior research emphasizing that smaller to medium enterprises often maintain more hands-on management of certification processes (Ahmad et al., 2020).

**Table 4.** *Kruskal-Wallis Test Results on Readiness for Halal Certification Across Company Revenue Levels.*

Annual revenue (RM)	Less than RM300,000	RM300,000 - RM2,999,999	RM3,000,000 - RM14,999,999	RM15,000,000 - RM19,999,999	RM20,000,000 - RM50,000,000
Accountability	49.76	54.88	<b>61.00*</b>	22	30.67
Commitment	50.68	50.71	<b>62.50*</b>	22.4	31.5
Trustworthiness	48.59	51.65	<b>60.50*</b>	21.2	45.17
Willingness	45.2	60.12	55.1	35.2	46.61
Competitiveness	49.02	50.94	65.5	31.5	35.22
Influence	51.25	49.82	<b>51.50*</b>	18	37.94
Perseverance	47.69	57.94	<b>66.50*</b>	12.2	40.89
Compliance	49.99	51.03	58.8	24.3	36.39

Similarly, commitment to meeting Halal quality standards was more pronounced among mid-revenue firms. This pattern may reflect their strategic focus on leveraging certification to improve market access and product credibility. In contrast, larger firms exhibited lower commitment, possibly due to the presence of internal mechanisms that reduce perceived urgency for formal certification adherence. These findings align with the theory that organizational commitment to certification standards may vary based on resource allocation and internal capabilities (Mohd Yusof and Ahmad Khan, 2024). The domain of trustworthiness, representing the intention to pursue certification to build consumer trust, also varied significantly by sales revenue. Medium-sized firms placed greater emphasis on certification as a tool to enhance customer satisfaction and trust, while larger companies showed lower reliance on this mechanism, potentially due to their established brand reputations. This supports previous literature indicating that smaller and medium enterprises are more dependent on formal certifications as external signals of product integrity. Regarding willingness to absorb the costs of certification, mid-sized firms exhibited higher readiness to invest financially in Halal certification. Larger enterprises, however, appeared less willing, which may reflect a different cost-benefit assessment or established operational budgets. This result corresponds with findings by previous study, who noted that financial considerations disproportionately affect certification adoption among SMEs. The influence of competitiveness was more salient for mid-revenue firms, suggesting that certification serves as a strategic tool to maintain parity or gain advantage in the marketplace. Larger firms' lower competitiveness scores may indicate market dominance reducing immediate pressure to certify. This aligns with previous study on competitive strategy framework, where smaller firms actively seek certification to differentiate themselves.

Influence from market trends and consumer preferences was similarly more impactful on medium-sized firms. This responsiveness suggests that market-driven factors strongly motivate certification decisions in this segment, consistent with the market orientation literature. Larger firms' muted response may reflect diversified product portfolios reducing dependence on Halal certification in any single segment. Perseverance in pursuing Halal certification was highest among mid-sized companies, indicating greater resilience in overcoming certification barriers. Lower perseverance in larger firms may relate to alternative compliance strategies or resource allocation decisions. This finding highlights the need for support mechanisms to sustain perseverance, especially among smaller firms facing resource constraints. Finally, compliance with regulatory standards varied moderately across revenue groups, with mid-sized firms showing greater adherence willingness. Larger companies' lower compliance scores could be attributed to existing regulatory infrastructures or third-



party compliance management. This reinforces the notion that SMEs require targeted regulatory support to navigate certification processes effectively. In summary, these findings illuminate how company size, proxied by annual sales revenue, differentially shapes readiness across key domains related to Halal certification. The consistent pattern of higher readiness among mid-sized firms underscores the need for tailored interventions that consider organizational capacity and market positioning. Policymakers and certification bodies should develop nuanced support programs, such as financial assistance, educational initiatives, and technical guidance to foster certification uptake across diverse business segments, thereby strengthening Malaysia's Halal industry competitiveness on both domestic and international fronts.

### ***Correlation analysis between annual sales revenue and halal certification readiness domains***

Next, the correlation between the companies' annual revenue and various areas of readiness for halal certification is analysed. Using chi-square tests, the study analyses whether company size, as indicated by revenue, influences factors such as commitment, compliance and competitiveness. The results shed light on how financial size can affect the willingness to implement halal certification. The relationship between companies' annual sales revenue and their readiness for Halal certification was examined through eight key domains: accountability, commitment, willingness, competitiveness, influence, perseverance, compliance, and trustworthiness (*Table 5*). The findings from the Pearson Chi-Square tests revealed both significant and non-significant associations, offering insights into how company size, as reflected by revenue levels, may influence different facets of Halal certification readiness. The statistical analysis showed that most domains did not demonstrate a significant association with revenue. Specifically, accountability was found to vary descriptively across income levels, with the majority of companies in the lowest revenue group (below RM300,000) displaying higher accountability. However, the differences did not reach statistical significance, suggesting that accountability practices are somewhat uniformly maintained regardless of business scale. The presence of low expected counts in a majority of the cells further cautions against overinterpreting these results. Similarly, the domains of willingness and competitiveness exhibited no significant relationship with annual revenue. Businesses across all revenue groups reported relatively high levels of willingness to pursue Halal certification and perceived themselves as competitive within their respective markets. This indicates that motivational and market-driven factors associated with Halal compliance may be consistently valued across micro, small, and medium-sized enterprises.

***Table 5. Association between annual sales revenue and readiness for halal certification.***

Readiness Domain	Annual Sales Revenue Categories (RM)	Pearson Chi-Square (p-value)	Significance	Interpretation
Accountability	<300,000; 300k–2.99M; 3M–14.99M; 15M–19.99M; 20M–50M	0.417	Not Significant	Accountability levels are relatively uniform across revenue groups.
Commitment	<300,000; 300k–2.99M; 3M–14.99M; 15M–19.99M; 20M–50M	0.033	Significant	Higher-revenue businesses demonstrate greater commitment to Halal certification.
Willingness	<300,000; 300k–2.99M; 3M–	0.284	Not Significant	Willingness to pursue

	14.99M; 15M–19.99M; 20M–50M				Halal certification is high across all revenue levels.
Competitiveness	<300,000; 300k–2.99M; 3M–14.99M; 15M–19.99M; 20M–50M	0.858	Not Significant		Competitive perception is widespread among firms regardless of size.
Influence	<300,000; 300k–2.99M; 3M–14.99M; 15M–19.99M; 20M–50M	0.231	Not Significant		External influence to pursue certification is consistently perceived.
Perseverance	<300,000; 300k–2.99M; 3M–14.99M; 15M–19.99M; 20M–50M	0.007	Significant		Perseverance varies significantly; mid-range firms show lower levels.
Compliance	<300,000; 300k–2.99M; 3M–14.99M; 15M–19.99M; 20M–50M	0.118	Not Significant		Regulatory compliance is stable across revenue categories.
Trustworthiness	<300,000; 300k–2.99M; 3M–14.99M; 15M–19.99M; 20M–50M	0.205	Not Significant		Ethical conduct and trust are widely upheld across businesses.

In contrast, a significant association was found between the commitment domain and revenue categories, with statistical analysis revealing that commitment to Halal certification increases with business size. Companies with higher revenue were more likely to show stronger institutional commitment, which may reflect their broader strategic orientation, better access to compliance resources, and more established operational frameworks. Interestingly, even among the smallest revenue group, a high proportion of firms reported being committed, which may suggest that Halal certification is perceived as a strategic necessity for market entry and survival. The statistically significant finding for commitment, supported by a moderate effect size, underscores the role of financial capacity and business maturity in fostering commitment to certification processes. Similarly, perseverance was found to be significantly associated with annual sales revenue. The distribution showed that both low-revenue and high-revenue firms reported higher levels of perseverance compared to mid-revenue firms (RM15 million to RM19.9 million), which displayed the lowest levels of perseverance in pursuing Halal certification. This could suggest that microenterprises are highly driven by the need to legitimize and expand, while larger firms are bolstered by institutional frameworks that support long-term goals. Mid-sized firms may face distinct challenges, such as resource constraints or competing strategic priorities, that limit their sustained efforts toward certification. The moderate strength of association observed for this domain highlights the necessity of targeted support mechanisms to bolster perseverance, particularly among medium-sized enterprises that may be at a transitional growth stage.

Conversely, the domains of influence, compliance, and trustworthiness did not show significant differences across revenue groups. In the case of influence, businesses across all income levels reported comparable levels of perceived external support or pressure to obtain Halal certification. This may reflect the relatively stable institutional environment in Malaysia, where governmental and societal expectations around Halal compliance are consistently applied. The compliance domain, too, demonstrated little variation with revenue, indicating that firms, regardless of size, perceive themselves as adhering to regulatory norms. This uniformity could be attributed to regulatory awareness campaigns and the standardized requirements of Halal certification, which

promote baseline compliance across the board. Trustworthiness, as a value closely tied to ethical business practices and brand integrity, also appeared to be widely upheld, with most firms irrespective of size reporting high levels of trustworthiness. This could reflect cultural and religious norms prevalent among Malaysian enterprises that prioritize transparency and consumer trust. Overall, while most domains showed consistent patterns across company sizes, commitment and perseverance emerged as significantly associated with annual revenue, indicating that financial capacity and operational scale play a role in shaping the readiness of businesses to engage with the Halal certification process. These findings point to the importance of customizing policy interventions and capacity-building programs according to firm size. For example, enhancing perseverance among mid-sized firms may require initiatives that alleviate resource pressures, such as subsidies or technical assistance, whereas boosting commitment in smaller firms may benefit from mentorship programs and market access incentives. The consistent findings in other domains imply that baseline readiness traits like trustworthiness, compliance, and competitiveness are embedded across firms of all sizes, potentially due to standardized expectations within the Halal industry.

However, it is important to acknowledge limitations in the analysis. A notable proportion of crosstab cells in several domains had expected counts below five, which weakens the statistical power of the Chi-Square test and necessitates cautious interpretation of non-significant results. Despite these limitations, the findings contribute meaningfully to the understanding of how organizational scale influences readiness for Halal certification, highlighting areas where firms may require differentiated support. In summary, the study demonstrates that while some elements of Halal certification readiness such as ethical integrity, competitive orientation, and regulatory compliance appear broadly distributed across Malaysian firms, critical internal factors like commitment and perseverance vary with company size. This underscores the need for scalable, size-sensitive strategies to enhance Halal certification uptake and readiness, particularly among firms in the mid-revenue category that may lack the structural advantages of larger companies or the entrepreneurial drive of microenterprises. These insights are valuable for policymakers, certification bodies, and business development agencies aiming to promote widespread and effective adoption of Halal certification standards.

## Conclusion

This study investigated the multifaceted relationship between annual revenue and willingness to adopt halal certification among product-based SMEs in Malaysia. The results show that while the majority of companies have a positive attitude towards halal certification as reflected by high levels of interest and willingness, actual willingness varies significantly by company size. The descriptive analysis showed that companies in the medium revenue category (RM3 million – RM14.9 million) had the highest average readiness scores, indicating a strategic alignment between business growth and certification priorities. The one-way ANOVA also confirmed that annual revenue has a significant impact on readiness, suggesting that financial scale has an impact on the level of commitment to the halal certification process. Through non-parametric (Kruskal-Wallis) and chi-square analyses, the study found that the key areas of readiness particularly commitment and persistence were significantly associated with revenue level. Medium-sized companies showed higher levels of commitment, likely

reflecting resource availability and market-oriented strategies, while persistence varied, with medium-sized companies showing lower persistence in certification efforts. In contrast, areas such as accountability, willingness, competitiveness, compliance, influence and trustworthiness were equally high across all revenue groups, emphasising a generally consistent base of ethical and market-oriented motivations among Malaysian SMEs.

These findings have practical implications for halal certification policies and support mechanisms. Tailored measures are needed to improve readiness for all sizes of businesses-especially for mid-size businesses that lack the support structures of larger firms or the entrepreneurial flexibility of smaller firms. Financial incentives, technical support and targeted awareness programmes could play an important role in bridging the readiness gap. Importantly, the consistency of trustworthiness and compliance across all company sizes suggests that a strong cultural and institutional foundation for halal principles already exists, which can be utilised to increase the uptake of certification. To summarise, while financial capacity has an impact on certain areas of readiness, the overall positive attitude towards halal certification across all business sizes provides a good foundation for scaling up national certification efforts. To accelerate Malaysia's leadership in the global halal economy, strategies need to be both inclusive and size-sensitive, ensuring that businesses at every stage of development can successfully navigate the certification process and improve their competitiveness in the halal market.

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### **Conflict of interest**

The authors confirm that there is no conflict of interest involve with any parties in this research study.

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