

ASSESSING MSMEs' READINESS TOWARDS HALAL CERTIFICATION: A CASE OF SELANGOR, MALAYSIA

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(Received 04th April 2025; revised 13th July 2025; accepted 25th July 2025)

Abstract. The Halal food industry is increasingly growing in line with the rising global demand for Halal food products. Malaysia has emerged as a leader in this industry; however, the number of companies with Halal certification remains low compared to the total number of micro, small, and medium enterprises (MSMEs) involved. This study was conducted to identify the level of awareness and readiness of MSMEs toward Halal certification, examine the relationship between these two variables, and investigate the primary factors influencing MSMEs' readiness to apply for Halal certification. A quantitative approach was used in this study through the distribution of questionnaires to 188 MSMEs in the food and beverage industry in Selangor. Data analysis involved the use of descriptive statistics, correlation analysis, and multiple regression using SPSS software. The findings showed that the level of awareness and readiness among MSMEs in Selangor towards Halal certification is high, with a mean score of greater than 4.50. There is a significant positive relationship between awareness and readiness (with $r = 0.659$, $p < 0.0010$), indicating that an increase in awareness leads to greater readiness to apply for Halal certification. The regression analysis revealed that awareness, perception, and knowledge about the benefits of Halal certification are the main factors influencing MSMEs' readiness to apply Halal certification in Selangor, with awareness being the most prominent factor. This study highlights the importance of implementing information empowerment programs and awareness campaigns as key strategies to increase MSME participation in the Halal certification system in Selangor. These findings also support the national goal of boosting Halal exports by 2030 through strengthening MSME involvement in the global Halal industry chain.

Keywords: *halal certification, halal readiness, halal awareness, MSME*

Introduction

The global Halal industry is a rapidly expanding sector, driven by a growing Muslim population and an increasing awareness among non-Muslim consumers regarding the perceived quality, safety, and ethical standards associated with Halal products. This industry extends far beyond food, encompassing diverse sectors such as finance, pharmaceuticals, cosmetics, tourism, fashion, and media. Its current state reflects a dynamic landscape characterized by significant growth, evolving consumer demands, and persistent challenges, alongside vast opportunities for innovation and expansion. The market size of the global Halal industry is substantial and projected to continue its upward trajectory. The Halal food market alone was estimated at USD 2.93 trillion in 2024 and is forecasted to reach approximately USD 9.45 trillion by 2034, exhibiting a Compound Annual Growth Rate (CAGR) of 12.42% from 2025 to 2034. Asia Pacific currently holds the largest share of this market, reflecting the significant Muslim populations and robust Halal ecosystems in countries like Malaysia and Indonesia. The overall Halal economy, excluding Islamic finance, was valued at US\$3.2 trillion and is expected to reach US\$13.11 trillion by 2025, demonstrating its broad economic impact. Several key trends are shaping the Halal industry. Consumers are increasingly conscious

of Halal organic and sustainable foods, emphasizing ethical sourcing and reduced environmental impact. The convenience factor is driving the popularity of Halal ready-to-eat meals and the expansion of Halal food delivery services, making Halal options more accessible. Furthermore, there's a growing demand for transparency and robust certification in the Halal process, with technological advancements like blockchain being explored to enhance traceability and consumer trust. Halal tourism is also experiencing a post-pandemic recovery, with many countries investing in Muslim-friendly infrastructure and services.

The Halal industry in Malaysia is experiencing rapid growth. This surge is driven by rising demand for Halal products across the world. Countries with Muslim populations, along with health-conscious consumers, are seeking Halal options. As a result, Malaysia is making strategic moves to attract more investments in its food and beverage sector. The country aims to become a key player in the global Halal market by expanding its exports and business links. Its contributions to the Islamic economy, including Halal products, finance, and tourism, has brought Malaysia to the recognition as a leader in the global Halal food industry. The country has held the top spot in the Global Islamic Economy Index (GIEI) for ten years in a row. Malaysia's consistent high ranking shows its strength in the Halal sector. In 2022, Malaysia's halal exports were valued at RM59.46 billion. This figure includes food, beverages, and other halal-certified products sold overseas. While impressive, these exports still make up a small percentage of the global Halal industry, which was worth RM13.86 trillion that year. The sheer size of the global market shows that Malaysia has plenty of room to grow. Malaysia's current success depends on many factors. It has a well-developed Halal certification system and a strong network of Halal-certified factories. The country also benefits from a large Muslim population and a strategic location in Southeast Asia. These factors make Malaysia an attractive hub for Halal manufacturing and exports. The country sees a great opportunity to increase its share in the international halal market. Its goal is to boost halal export value to RM300 billion by 2030. This ambitious target reflects Malaysia's confidence in its capabilities and its plans to expand further. To reach this goal, Malaysia would need to ramp up production, improve branding, and explore new markets. This growth could greatly benefit Malaysia's economy. It would create jobs, attract foreign investment, and strengthen its position in the global halal trade. Countries around the world are also working to establish their own halal industries. Malaysia's leadership offers an example of how to succeed by focusing on quality, certification, and international partnerships.

Literature review

Halal awareness is the first step towards obtaining a Halal certificate, which confirms that the product is Halal according to Islamic Sharia. Most foods sold in the market do not have a Halal certificate due to a lack of awareness among food producers about the importance of selling Halal-certified food (Oemar et al., 2023). Studies on Halal awareness have been conducted over the past few decades. Giyanti and Indriastiningsih (2019) found that awareness to register for a Halal certificate by company entrepreneurs is influenced by knowledge about Halal, perception of benefits, and perception of procedures. The results of the study also found that knowledge about Halal does not significantly influence Halal certification. Mashitoh et al. (2013) in their study on Halal awareness found that there was a moderate positive relationship between the level of MSMEs' awareness of the Halal concept and their perception of it. However, the level

of awareness of Halal certification among MSMEs, especially those involved in the food industry, is still at a low level. This situation raises questions because the study by Tawil et al. (2015) showed that Muslim entrepreneurs' perceptions of Halal food were very good, thus revealing a gap between knowledge or awareness of the importance of certification and a positive attitude towards the Halal concept itself. A study conducted examined the extent to which MSME entrepreneurs in the food and beverage sector in the Klang Valley understand and apply Halal principles and their efforts to obtain Halal certification. Initial findings indicated that there was basic awareness, but there was a gap in in-depth understanding of the certification procedure and long-term benefits. A study evaluating the effectiveness of Halal programs found that, although competent agencies such as JAKIM, HDC, and MARA have provided Halal-related programs to raise awareness and foster Halal certification practices among Bumiputera entrepreneurs, the participation rate and in-depth understanding still need to be improved. Understanding the challenges and limitations is essential to accurately identify the realities within the halal industry, ultimately providing valuable insights to the government (Ngah et al., 2014). A study by Wahab et al. (2024) examined Halal awareness, Halal literacy, and the motivating factors for obtaining Halal certification among entrepreneurs, found that these factors significantly impact their interest in Halal certification. Additionally, proposed measures can include strengthening the inter-agency collaboration in enhancing Halal literacy initiatives (Mohd Fauzi et al., 2020).

Entrepreneurs in Malaysia show varying levels of Halal readiness, with most understanding the importance of certification for the Muslim market, but many still face challenges in meeting the stringent standards and application process. Most studies emphasize the need for Halal authorities to continue to provide awareness and incentives to entrepreneurs to increase their readiness. There are significant challenges in obtaining Halal certification for Malaysian MSMEs. The specific challenges in obtaining Halal certification include difficulties in adopting the Halal standards, such as inconsistent certification procedures and limited access to financing (Saima et al., 2024). Additionally, bureaucratic complexity, high costs, and inconsistent standards were among the challenges that directly affect the level of entrepreneur readiness to initiate and complete the application process (Yunos et al., 2025; Ghazali et al., 2023). This study shows that although Malaysia is a global halal hub, there are still issues related to the certification process that affect entrepreneur readiness. Ahmadun and Rifin (2024) revealed that high awareness does not always translate into readiness. Many entrepreneurs are aware of Halal certification but face challenges in the application process. Many MSMEs that have been established for a long time, such as restaurants, are ready to accept and apply for Halal certificates. However, smaller MSMEs are not ready to comply with the requirements of Halal certification, as there is a perception that Halal certification can cause complications and does not really add new value to their business (Hasyim, 2019). Over the past few years, the trend has shown that the Halal logo is seen as an image that is sought after especially by Muslim consumers. Therefore, it is a necessity for MSMEs to obtain Halal certification for their products or services. In principle, this initiative is welcomed, however, it is not in line with the statistics of Halal certificate ownership among MSME entrepreneurs. Therefore, understanding the level of awareness and readiness among MSMEs towards Halal certification is crucial. Thus, this study aims to assess their level of awareness in encouraging them to obtain Halal certification. The findings from this study are expected to assist the authorities in providing incentives, targeted guidance, and

appropriate workshops to MSMEs in the Halal certification process, as well as the formation of policies in the future. This data will also provide a clear picture of the knowledge gap and intervention requirements to encourage stronger halal ecosystems in the state, as well as have implications for the development of the country's Halal industry in general.

Materials and Methods

This study employed a quantitative approach using a questionnaire distributed to a sample of MSMEs involved in the food and beverage industry in Selangor. The questionnaire consisted of four sections: Section A: Demographics, Section B: Business Profile, Section C: Awareness on Halal, and Section D: Readiness towards Halal Certification. The sampling methods used in this study were convenience sampling and snowball sampling. A total of 188 respondents from MSMEs in the food and beverage industry in Selangor, participated in the study. Data analysis was conducted using Microsoft Excel and SPSS software. The pilot test was carried out as the first phase in the analysis of this study. For this phase, a reliability test was conducted on the questionnaire. A sample size of thirty was utilized in testing the questionnaire items' reliability, following the proposed sample size by Johanson and Brooks (2010), who emphasizes that a sample of this size can be the preliminary assessment of reliability, though a larger sample may be necessary for more definitive results. A reliability test measures the consistency and stability of the questionnaire, which indicates how well a set of items measures a variable used in the study. According to Hair Jr et al. (2019), the value of Cronbach's Alpha of greater than or equal to 0.6 is considered as acceptable, as represented in *Table 1*.

Table 1. Cronbach's Alpha rule of thumb.

Cronbach Alpha	Consistency level
0.9 to 1.0	Excellent
0.8 to < 0.9	Very Good
0.7 to < 0.8	Good
0.6 to < 0.7	Moderate
< 0.6	Poor

Source: Hair Jr et al. (2019)

In the second phase of the study, a detailed descriptive analysis was conducted to thoroughly investigate the distribution of diverse backgrounds and business profiles among the respondents. This analysis aimed to gain valuable insights into the demographic characteristics of MSMEs in Selangor. Additionally, the study assessed the extent of awareness and readiness of these enterprises regarding Halal certification. This assessment was based on mean scores and standard deviations, offering a comprehensive understanding of how familiar and ready these businesses are in adopting Halal standards. This highlights the overall readiness and familiarity of MSMEs in Selangor towards complying with Halal certification requirements. The comprehensive evaluation not only highlighted the current state of readiness but also provided valuable information that can be utilized to enhance support systems for MSMEs in their journey towards achieving and maintaining Halal certification. The third phase of the study began with correlation analysis to examine the relationship between the level of awareness and readiness for Halal certification among MSMEs in

Selangor. This step sought to reveal how awareness levels influence MSMEs' readiness. Finally, a regression analysis was employed to further identify the primary factors that significantly influencing the readiness of MSMEs in Selangor to embrace Halal certification. Based on the research framework, the following hypotheses were tested:

H₁: Knowledge about Halal products has a significant positive relationship with readiness towards Halal certification.

H₂: Perception of Halal certification has a significant positive relationship with readiness towards Halal certification.

H₃: Knowledge about the benefits of Halal certification has a significant positive relationship with readiness towards Halal certification.

H₄: Awareness of Halal certification has a significant positive relationship with readiness towards Halal certification.

The regression model used for this study is expressed as in Eq. (1):

$$RHC = \beta_0 + \beta_1(KN) + \beta_2(PN) + \beta_3(BN) + \beta_4(AN) + \varepsilon \quad \text{Eq. (1)}$$

In equation (1), RHC serves as the dependent variable, representing the readiness score for Halal certification. The independent variables include KN (knowledge about Halal products), PN (perception of Halal certification), BN (knowledge about the benefits of Halal certification), and AN (awareness of Halal certification). The regression constant is denoted by the intercept term β_0 , while the respective regression coefficients, β_1 , β_2 , β_3 , and β_4 , represent the impact of each independent variable on RHC. Lastly, the error term ε , accounts the variability in RHC that is not explained by the model. This investigative approach sought to provide a comprehensive understanding of how awareness levels and other significant influence of MSMEs' pursuit of Halal certification. It offered crucial insights for the field, which ultimately enriching the body of knowledge for stakeholders and policymakers.

Results and Discussion

This section presents and discusses the findings derived from the data analysis conducted in this study. It begins with the results of the reliability test to ensure the internal consistency of the measurement instruments used. Following that, a demographic profile of the respondents and the characteristics of the businesses involved are analyzed to provide context and background for interpreting the results. The discussion then proceeds with a descriptive analysis of the main study variables, offering insights into the general trends and patterns observed in the data. Subsequently, correlation analysis is conducted to examine the strength and direction of the relationships among key variables. Finally, regression analysis is employed to test the research hypotheses and determine the predictive influence of independent variables on the dependent variable. The findings are interpreted in light of the research objectives and are discussed with reference to relevant literature.

Reliability test

Reliability testing is essential in research as it assesses the consistency and stability of a research instrument, ensuring that the items collectively provide a dependable

measure of the variable of interest. High reliability indicates that the instrument yields consistent results across different items, thereby enhancing the credibility and validity of the research findings. The reliability of items for this study indicates a high level of internal consistency with the Cronbach's Alpha values of greater than 0.7, as shown in *Table 2*. From *Table 2*, it is indicated that the items related to 'Readiness towards Halal certification' and 'Awareness on Halal certification' are highly consistent in measuring the items, with the Cronbach's Alpha values of 0.924. Similarly, the items related to 'Knowledge about the benefits of Halal certification' and 'Perception of Halal certification' exhibit a strong score, with Cronbach's Alpha values of 0.894 and 0.814, respectively. The items related 'Knowledge about Halal Product' demonstrate acceptable levels of reliability with Cronbach's Alpha value of 0.754. The analysis of reliability performed on the variables associated with Halal certification reveals that the instrument used for this study is statistically reliable, ensuring consistency in the responses for all variables used in this study.

Table 2. Results of reliability test.

Variable	Cronbach Alpha	Consistency level
Readiness towards Halal certification	0.924	Excellent
Knowledge about Halal products	0.754	Good
Perception of Halal certification	0.814	Very Good
Knowledge about the benefits of Halal certification	0.894	Very Good
Awareness of Halal certification	0.924	Excellent

Demographic analysis

Demographic analysis plays a crucial role in providing valuable insights into the diverse characteristics of respondents, and how these factors could significantly impact their levels of awareness and readiness for Halal certification. This involves summarizing key demographic variables and identifying patterns of differences across groups. By exploring these demographic details, patterns and trends of how different segments of the sample perceive and engage with the concept of Halal certification can be uncovered. The descriptive analysis in *Table 3* presents a thorough demographic of the respondents. Meanwhile in *Table 4*, the diverse characteristics of MSMEs' business profile in Selangor is presented. *Table 3* provides an overview of the respondents' characteristics, including gender, race, age, academic qualification, and position of respondents in the business. From the table, there is slightly higher representation of female respondents (54.3%) compared to males (45.7%). Most respondents are in the early to mid-career stage where the majority of respondents (35.6%) fall within the 31-40 years age group, followed by 41-50 years (26.6%). A small proportion of respondents (3.2%) are in the older (more than 61 years) age brackets. The Malay respondents form the majority (67.6%), followed by Chinese (20.7%) and Indian (11.7%). This distribution may reflect the demographic composition of MSMEs in Selangor, where Malay-owned business dominates food and beverages industry, including products and services. In terms of educational level, most of the MSMEs in Selangor joined or entered business with basic or tertiary-level education. The highest proportion of respondents (35.1%) have a high school (SPM) qualification, 23.9% hold a bachelor's degree, while 22.3% hold a Diploma or A-Level qualification. Advanced academic qualifications are less common among MSMEs in Selangor, where only a small percentage of 7.4% hold a master's degree. Most decision makers participated in

this study, where the majority of respondents (61.7%) are business owners, while 38.3% are managers. This is valuable for this study as the two positions are likely to reflect first-hand knowledge of business operations and decision-making, such as influencing business compliance decision towards Halal certification.

Table 3. *Demographic profile of respondents.*

Respondent background	Frequency	Percentage
Gender		
Male	86	45.7%
Female	102	54.3%
Age group		
10-20	12	6.4%
21-30	39	20.7%
31-40	67	35.6%
41-50	50	26.6%
51-69	14	7.4%
61 and above	6	3.2%
Race		
Malay	127	67.6%
Chinese	39	20.7%
Indian	22	11.7%
Academic qualification		
SPM	66	35.1%
STPM/STAM	13	6.9%
Diploma/A Level	42	22.3%
Degree	45	23.9%
Master	14	7.4%
Others	8	4.3%
Position		
Owner	116	61.7%
Manager	72	38.3%

Table 4. *Business profile of MSMEs.*

Company background	Frequency	Percentage
Type of Business		
Product	162	86.2%
Services	26	13.8%
District		
Sabak Bernam	20	10.6%
Kuala Selangor	34	18.1%
Hulu Selangor	18	9.6%
Gombak	21	11.2%
Klang	27	14.4%
Petaling	17	9.0%
Kuala Langat	24	12.8%
Sepang	11	5.9%
Hulu Langat	16	8.5%
Annual income		
Less than RM300,000	129	68.6%
RM300,000 – RM2999999	38	20.2%
RM3,000,000 – RM14,999,999	7	3.7%
RM15,000,000 – RM19,999,999	5	2.7%

RM20,000,000 – RM50,000,000	9	4.8%
Number of employees		
Less than 5	137	72.9%
5 – 30	48	25.5%
31 – 75	2	1.1%
76 – 200	1	0.5%
Business year		
0 -1 year	44	23.4%
2 – 5 years	72	38.3%
5 – 9 years	33	17.6%
More than 10 years	39	20.7%

Table 4 provides an insight into MSMEs business profile such as type of business, district, number of years operating, number of employees, and company's annual income. The majority of businesses (86.2%) are product-based, while service-based businesses (13.8%) form a smaller portion of the sample. Most MSMEs are concentrated in Kuala Selangor (18.1%) and Klang (14.4%), which are key economic hub for Selangor. Smaller proportions of businesses are from Sepang (5.9%) and Hulu Langat (8.5%), possibly due to industrial zoning differences. The majority of MSMEs in Selangor earn less than RM300,000 annually and employ fewer than five workers (72.9%), highlighting the predominance of micro-businesses within the sample. The largest group (38.3%) are businesses operating between 2 to 5 years, while 23.4% are startups (0 to 1 year old). This indicates that many MSMEs are still in the early stages of growth. However, there are businesses (20.7%) that have been operating for more than 10 years. This significant portion of long-term experience businesses could influence their readiness for Halal certification. Their prolonged exposure to industry practices may lead to better understanding of regulatory requirements, quality assurance standards, and consumer expectations. Furthermore, experienced businesses are more likely to recognize the competitive advantage that Halal certification provides, thus increasing their motivation to pursue and maintain it. Results of Halal certification status as shown in *Table 5* revealed that, only 10.6% of the MSMEs in the sample are already certified, while 5.3% failed in their Halal certification attempt. The majority of 65.4% of businesses have not yet taken any action for Halal certification even though they are interested in applying it. In addition, 16.0% of the respondents are considering the certification for the future. A small percentage of 2.7% of the respondents are not interested in Halal certification for their businesses. The percentage of Halal-certified businesses in the food and beverages sector remains low due to various factors. This includes lack of awareness about the certification processes among business' decision makers and the challenges associated with meeting rigorous Halal guidelines. A number of MSMEs show interest for obtaining Halal certification, yet there remains a gap between their interest and actual implementation of it. The result also indicates that there are possible challenges for the MSMEs in obtaining the Halal certification. More MSMEs may apply for the certification if they are given the right support, as some of them are considering it in the future.

Table 5. *Halal status of MSMEs.*

Status	Frequency	Percentage
We are interested, but we have not taken any action towards it.	123	65.4%
We have applied for it before but failed.	10	5.3%

We are considering it for the future.	30	16.0%
We already have the certificate.	20	10.6%
We are not interested in applying for it	5	2.7%

Descriptive analysis of the variables

This section describes the analysis of the variables in the framework using the two estimates, the mean scores and standard deviations, which provide insights into the respondents' understanding of Halal through their level of knowledge about Halal product, perceptions towards Halal, knowledge on benefit of Halal, awareness of Halal certification, and readiness towards Halal certification. *Table 6* presents the mean scores and standard deviations for five key variables related to this study, providing insight into respondents' knowledge, perceptions, and awareness toward their readiness for Halal certification. Respondents exhibit a strong understanding of Halal products, as reflected in a high mean score of 4.6104 with a standard deviation of 0.56151. This suggests that most participants are well-informed about Halal products, though there is some moderate variation in their level of knowledge. The perception towards Halal has a slightly lower mean score of 4.0432 and a standard deviation of 0.63584. The overall perception remains positive, while the standard deviation indicates greater diversity in opinions, suggesting that some respondents may have different levels of agreement or understanding regarding Halal principles. The benefits of Halal receive strong agreement from respondents, as indicated by a high mean score of 4.7154 and a lower standard deviation of 0.46029. This demonstrates that most respondents widely recognize and agree on the advantages of Halal, with minimal variability in their views. Similarly, awareness of Halal certification is also notably high, with a mean score of 4.7150 and a standard deviation of 0.42267, signifies a strong consensus among respondents. This implies that awareness of Halal certification is widespread and generally well understood. Overall, the findings indicate that respondents have a high level of knowledge and awareness of Halal products and certification, with strong agreement on their benefits. However, perceptions towards Halal show slightly more variation, suggesting potential differences in understanding or attitudes among respondents.

Table 6. Descriptive analysis of the variables.

Variable	Mean	Standard deviation
Knowledge about Halal product	4.6104	0.56151
Perception towards Halal	4.0432	0.63584
Knowledge on Benefits of Halal	4.7154	0.46029
Awareness of Halal Certification	4.7150	0.42267
Readiness towards Halal Certification	4.5499	0.52614

Correlation analysis

The correlation analysis examines the relationships among key variables related to Halal certification, revealing several significant associations. The correlation matrix presented in *Table 7* highlights statistically significant positive relationships among the variables. Readiness towards Halal certification shows a strong positive correlation with awareness of Halal certification ($r=0.659$, $p<0.001$) and knowledge about the benefits of Halal certification ($r=0.616$, $p<0.001$). These results suggest that greater awareness and understanding of benefits significantly enhance readiness for Halal certification. A

moderate positive relationship is also observed between readiness and knowledge about Halal products ($r=0.334$, $p<0.001$) and perception of Halal certification ($r=0.358$, $p<0.001$), highlighting the importance of accurate information and favourable attitudes in fostering readiness. Furthermore, awareness of Halal certification correlates positively with knowledge about the benefits of Halal certification ($r=0.642$, $p<0.001$) and knowledge about Halal products ($r=0.386$, $p<0.001$), indicating that awareness campaigns can significantly increase knowledge. However, it shows a weaker to moderate positive correlation with perception towards Halal certification ($r=0.293$, $p<0.001$). The correlation between perception of Halal certification and knowledge about benefits ($r=0.339$, $p<0.001$) underlines the role of perception in reinforcing informed decision-making. Respondents' knowledge about Halal products shows a moderate correlation with their knowledge on the benefits of Halal certification ($r=0.539$, $p<0.001$). A weaker correlation is observed between knowledge about Halal products and perception towards Halal certification ($r=0.170$, $p=0.020$), however, this relationship is not significant, indicating that there is no evidence of a linear relationship between these two factors.

Table 7. Correlation analysis of key variables.

Category		Knowledge about Halal product	Perception towards Halal	Knowledge on Benefits of Halal	Awareness on Halal certification	Readiness towards Halal certification
Knowledge about Halal product	Correlation	1				
	Sig. (2-tailed)	-				
Perception towards Halal	Correlation	0.170**	1			
	Sig. (2-tailed)	0.020	-			
Knowledge on Benefits of Halal	Correlation	0.539**	0.339	1		
	Sig. (2-tailed)	<0.001	<0.001	-		
Awareness on Halal certification	Correlation	0.386**	0.293**	0.642**	1	
	Sig. (2-tailed)	<0.001	<0.001	<0.001	-	
Readiness towards Halal certification	Correlation	0.334**	0.358**	0.616**	0.659**	1
	Sig. (2-tailed)	<0.001	<0.001	<0.001	<0.001	-

Note: **correlation is significant at the 0.01 level (2-tailed).

The discussion of the relationships between the variables is crucial as it reveals the interconnected factors that drive a company's readiness for Halal certification. The analysis demonstrates statistically significant positive correlations between multiple factors in this study. Awareness and understanding of the benefits of certification are the most important factors. This suggests that focused education and outreach efforts are needed to help companies become more prepared for Halal certification. Individuals with greater knowledge about Halal products tend to be better understand the benefits of Halal certification. This indicates that greater knowledge about Halal certification is linked to a better understanding of its benefits, increased awareness, a slightly higher likelihood of pursuing certification, and a more positive perception, though its influence on perception is less substantial. The analysis also reveals that readiness for Halal certification is strongly and positively correlated with awareness and understanding of its benefits. The results inform that respondents with higher awareness and knowledge of the benefits of Halal certification are more likely to be ready to apply for the certification. The analysis also reveals that readiness for Halal certification is moderately correlated with respondents' knowledge about Halal product and perception towards Halal certification. This indicates that those with more knowledge about Halal products and more positive perception towards Halal certification tend to be more ready to apply it. In addition, awareness is strongly associated with respondents' knowledge

on benefits of Halal certification. This indicates that the more individuals are about Halal certification, the more they understand its benefit, and the more tendency to have positive perception towards the certification. Overall, the findings demonstrate a clear pathway from initial awareness to increased knowledge, which solidifies a positive perception, and ultimately leads to a higher level of readiness for Halal certification.

Regression analysis

Regression analysis was employed to assess the predictive strength and significance of each independent variable. Specifically, the analysis determines whether MSME's awareness, knowledge, and perception regarding Halal certification as independent variables, directly contributed to the dependent variable i.e. their readiness towards Halal certification. The regression analysis shown in *Table 8* revealed the valuable insights into the factors influencing MSME's readiness towards Halal certification. The overall model was statistically significant ($F=48.123$, $p=0.001$), indicating that the combination of independent variables in this study reliably predicts the dependent variable. The R-squared value of 0.513 indicates that 51.3% of the variance in readiness is explained by the independent variables used in this study. The adjusted R-squared value of 0.502 confirmed that the model is likely reliable and further supports the robustness of the model.

Table 8. Regression analysis.

Variables	Beta	T-test	Significance
Knowledge about Halal products	-0.018	-0.307	0.759
Perception of Halal certification	0.108	2.369	0.019
Knowledge about the benefits of Halal certification	0.348	4.047	< 0.001
Awareness of Halal certification	0.614	6.371	< 0.001
ANOVA	Regression		
R squared	0.513		
Adjusted R squared	0.502		
F value	48.123		
Significance	< 0.001		

Among the variables, awareness of Halal certification emerged as the most influential factor, with a beta coefficient of 0.614 ($p<0.001$). This finding highlights the critical role of awareness in driving readiness for certification. Similarly, knowledge about the benefits of Halal certification was a significant predictor, with a beta coefficient of 0.348 ($p<0.001$). Furthermore, the perception of Halal certification also proved to be a significant predictor, indicated by a beta coefficient of 0.108 ($p=0.019$). These findings suggest that enhancing awareness, understanding the benefits, and fostering positive perceptions of Halal certification are the key drivers for improving the readiness of MSMEs for Halal certification. Educating these enterprises about the concrete advantages of Halal certification could significantly boost their motivation and readiness. In contrast, knowledge about Halal products (beta coefficient=-0.0019, $p=0.759$) was not found to be significant predictors of readiness for Halal certification. This indicates that although this factor plays a role in shaping attitudes and understanding, it does not have a direct or strong influence on readiness towards Halal certification. The results from regression analysis suggest that individuals with greater awareness are more likely to be prepared for Halal certification. This highlights the critical role of awareness in readiness-building initiatives. Understanding the benefits of

Halal certification has a positive effect on the actual readiness of MSMEs. This emphasizes the importance of clearly communicating the value and advantages of being prepared for Halal certification to the MSMEs.

Conclusion

This study has provided a clear overview of the level of awareness and readiness of micro, small, and medium enterprises (MSMEs) towards Halal certification, particularly within the food and beverage industry in Selangor. The study has also successfully identified the key factors influencing MSMEs' readiness, namely awareness of Halal certification, perception of Halal certification, and knowledge about the benefits of obtaining Halal certification. The findings of this study offer a solid foundation for the state government, certification bodies, and MSME development agencies to design targeted intervention programs such as training, technical guidance, and awareness promotion for MSME entrepreneurs. The study shows that MSMEs possess a high level of awareness and readiness towards Halal certification, and the greater their awareness, the more likely they are to apply for Halal certification. Awareness being identified as the most influential factor affecting their readiness. These findings highlight the importance of information empowerment programs and awareness campaigns as strategic steps to encourage more MSMEs to obtain Halal certification in Selangor. To address these challenges, efforts should be directed to help the MSMEs expand further their business locally and subsequently be able to penetrate the global market. Programs to raise awareness and educate MSMEs on the benefits of Halal certification should be strengthened. Boosting awareness and education programs can better equip MSMEs to understand and pursue the benefits of Halal certification. Practical assistance such as grant offering and subsidies should be provided to help MSMEs tackle financial and infrastructural barriers. Additionally, providing guidance and technical support on how to comply with Halal standards can simplify the certification process and encourage greater participation. By combining better educational programs with practical support, more MSMEs can be expected to apply for and obtain the Malaysia Halal certification. This will not only help companies grow, but also strengthen the Halal industry as a whole to meet local and global demand.

Acknowledgement

We would like to extend our greatest gratitude to Universiti Selangor (UNISEL) for generously funding the research through its grant initiative, 'Geran Penyelidikan Dalam UNISEL (BESTARI)' (GPB/02-UNISEL-23/SS/07).

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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