

# THE DETERMINANTS OF HALAL CERTIFICATION ADOPTION AMONG LOCAL COFFEE ENTREPRENEURS IN PERLIS

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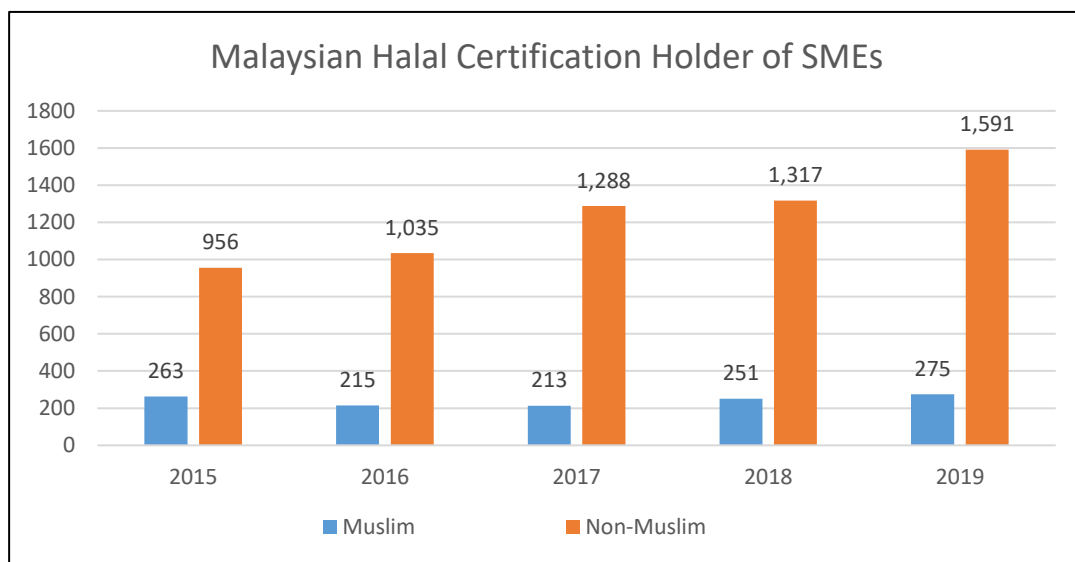
**Abstract:** *In Malaysia, halal certification is critical in ensuring that products meet Islamic standards, fostering consumer trust and confidence. This certification is particularly vital for food and beverage manufacturers, including small and medium-sized enterprises (SMEs), as it directly influences consumer purchasing decisions. Despite its importance, many local coffee shop entrepreneurs remain uncertified, posing challenges to both their market potential and consumer trust. This study investigates the factors influencing the intention to adopt halal certification among local coffee entrepreneurs in Perlis, a state known for its thriving coffee culture, with nearly 100 locally operated coffee shops. The study focuses on four key variables: attitude of entrepreneurs, halal practices awareness, knowledge of the halal concept, and competitive advantage of halal certification, to understand their impact on intention to adopt halal certification. By exploring these dimensions, this research aims to shed light on the barriers and motivators for halal certification adoption, offering actionable insights for policymakers and business owners to bridge the certification gap and enhance competitiveness within the halal market.*

**Keywords:** *Adoption Intention, Consumer Trust, Halal Certification, Local Coffee Entrepreneurs, Perlis SMEs*

## Introduction

Ensuring halal certification and halal practices could be an effective strategy when entering Muslim countries, either a simple majority such as Malaysia or a minority, as in most European or Western countries (Latif et al., 2014). Having a halal certification provides benefits for both Muslim and non-Muslim consumers. Moreover, increasing the sense of security in consumption, assuring quality and confidence towards product hygiene are such of the benefits gained by the halal certified company (Ambali & Bakar, 2014). In line with the study of Sillalahi et al. (2021) explained that the ultimate purpose of halal certification is to protect domestic consumers who are predominantly Muslim so that they will feel safe to consume the products. While Al-Harran and Low (2008) found that there is no significant difference between Muslim and non-Muslim consumers in their expectations for perfection, reliability, and high-quality products, except that Muslims must adhere to Islamic rules and compliance. This situation calls for Muslim entrepreneurs to take halal certification more seriously, as all Muslims are obligated to consume halal products (Wilson & Liu, 2010).

Nevertheless, there is are relatively low number of Muslim entrepreneurs holding halal certification, which this phenomenon becoming a concerning issue, raising questions about their commitment to complying with Malaysia's halal certification standards. Figure 1 shows the statistics between the Muslim and non-Muslim entrepreneurs holding a halal certificate from the year 2015 to 2019. While halal certification is not mandatory for non-Muslim food suppliers, the growing Muslim consumer base has prompted more food operators to seek halal certification. For that reason, by 2020, 60% of non-Muslim food operators had obtained halal certification from the Department of Islamic Development Malaysia (JAKIM).



**Figure 1: Statistics of Malaysian Halal Certification Holders for Muslim and Non-Muslim Small and Medium Enterprises (2015 –2019)**

Source: JAKIM, 2020

The latest halal certification practices in Malaysia have seen significant reforms aimed at improving efficiency and international competitiveness. JAKIM remains the central authority for halal certification, but efforts are underway to streamline the process. For instance, the introduction of the National Halal Digital Platform (NHDP) is set to digitize and speed up the application process, making it more accessible and transparent for businesses. This platform

will also support halal traceability, ensuring compliance with Islamic standards across the supply chain (Halal Development Corporation, 2023). The Malaysian government has implemented several initiatives to encourage all states to increase the adoption of halal certification, particularly among SMEs. These efforts are coordinated through various national agencies and supported at the state level, with an emphasis on expanding the halal ecosystem across the country. For example, states like Selangor and Johor have set up halal parks to serve as centralized areas for halal-certified businesses, helping SMEs access shared facilities and expertise (Bakar et al. 2023).

Perlis is a state of Malaysia on the northwestern coast of Peninsular Malaysia. It is the smallest state in Malaysia by area and population, which consists of 87.9% Muslims, 10% Buddhists, 0.8% Hindus, 0.6% Christians, and 0.2% Chinese religious followers (Department of Statistics Malaysia, 2010). Even though the manufacturing sector in Perlis is smaller compared to other states, but is still significant. From the aspect of the halal industry, Perlis has been steadily growing, particularly in food production, agriculture, and small-scale manufacturing. For this reason, SMEs in Perlis are encouraged to adopt halal certification to penetrate larger markets which not only within Malaysia but also internationally. Currently, this state is developing its halal tourism sector, which involves offering Muslim-friendly services and facilities, including halal food, hotels, restaurants, and resorts in Perlis that are halal-certified or Muslim-friendly are contributing to the growth of this sector, which offers services that align with Islamic practices. The eco-tourism of Perlis has recently sparked and provides an opportunity for the local citizens in Perlis to have their own business.

Due to these matters, it motivates the local entrepreneurs in Perlis to operate their business, especially running the local coffee outlet. If Melbourne is called “Coffee Capital of the World”, Perlis nowadays has been referred to as “Perlis Darul Kopi”, where there are almost 100 local coffee entrepreneurs. Nevertheless, the majority of these local coffee outlets in Perlis are not halal certified, even though owned by Muslim entrepreneurs. Realizing that halal certification in Malaysia is highly standard and is globally recognized, these local coffee entrepreneurs need to adopt a halal certificate to ensure the longevity and competitiveness of their business. Furthermore, by adopting a halal certificate, the local coffee entrepreneurs in Perlis can continually innovate and adapt to market dynamics and compete with international coffee brands. Hence, this study has been conducted to examine what factors influence the intention to adopt halal certification among local coffee entrepreneurs in Perlis. Findings of this study are important in ensuring all the entrepreneurs in this context of study adopt halal certification, and what the proactive steps should be taken by the local government and agencies such as JAKIM to improve the statistics of halal certification in Perlis, particularly in the food and beverages business.

Extensive research has been carried out towards halal certification both on the consumer and producer sides (Shariff et al., 2014; Khalek, 2014; Khalek et. al., 2015). Nurcahyo and Hudrasyah (2017) added that halal labels strengthen the intention to buy because they provide a sense of safety and comfort in consuming the products, which ideally should motivate the business entities to adopt halal certification. Nevertheless, there are several studies on the producer's side regarding halal practices and halal certification adoption that reveal inconclusive findings. A study by Talib et al. (2016) argued that halal certification has implications on organizational performance, and Nordin et al. (2016) stated that halal certification would improve the company's financial performance. Contrary to the findings of Pratisti and Maryati (2019) found that halal certification for the commercial industry did not

have a significant impact on financial performance. This is in line with a study by Yunus et al. (2014) explained that halal certification impacts on the company's financial performance remain unknown. These conflicting findings may be attributed to several factors, including differences in research contexts, such as industry types, firm size, or market conditions. It is also possible that the effectiveness of halal certification depends on the level of consumer demand for halal-compliant products in a given region. Moreover, methodological variations such as differing indicators of financial performance, data collection periods, and analytical approaches could further explain the discrepancies observed across studies. Due to these differences, indicate that there is still a debate over the impact on business performance, hence hampering the entrepreneurs' intention to adopt halal certification. On top of that, the lack of halal certification particularly among Muslim-owned food businesses can lead to significant economic and religious consequences. Economically, businesses without certification may be excluded from lucrative halal markets, both locally and globally, where certification is often a prerequisite for consumer trust and international trade (Haleem et al., 2021). This not only limits growth potential and competitiveness but may also affect consumer loyalty, especially in Muslim-majority contexts. Religiously, operating without halal certification may raise serious doubts among Muslim consumers regarding product compliance with Shariah principles, undermining the entrepreneur's religious credibility and trustworthiness (Fischer, 2011). Muslim entrepreneurs are religiously obligated to ensure the halal integrity of their products, and failure to obtain proper certification may be perceived as negligence in upholding Islamic dietary laws (Wilson & Liu, 2010; Bonne & Verbeke, 2008). Therefore, addressing the barriers to halal certification adoption is essential, especially in Muslim-dominant regions such as Perlis, where both consumer expectations and religious responsibilities are high. Addressing this gap, researchers conducted this study to achieve the research objectives below:

- RO1: To examine whether the attitude of local coffee entrepreneurs in Perlis has a positive and significant effect on the intention to adopt halal certification
- RO2: To examine whether halal practice awareness has a positive and significant effect on the intention to adopt halal certification among local coffee entrepreneurs in Perlis
- RO3: To determine whether knowledge on halal concepts has a positive and significant effect on the intention to adopt halal certification among local coffee entrepreneurs in Perlis
- RO4: To determine whether the competitive advantage of halal certification has a positive and significant effect on the intention to adopt halal certification among local coffee entrepreneurs in Perlis

## Literature Review

This section describes the literature used in this study. It covers key concepts related to halal certification and its importance in the food and beverage industry, particularly among small and medium-sized enterprises (SMEs). The review focuses on five main variables: intention to adopt halal certification, attitude of entrepreneurs, halal practices awareness, knowledge of the halal concept, and competitive advantage of halal certification. Relevant theories and previous research are examined to provide a foundation for understanding the factors that influence the intention to adopt halal certification among local coffee entrepreneurs in Perlis.

## The Theory of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB), developed by Ajzen (1991), serves as the theoretical foundation for this study. According to TPB, an individual's intention to perform a behavior such as adopting halal certification is influenced by three key component; attitude toward the behavior, subjective norms, and perceived behavioral control. These constructs provide a robust

framework for understanding how entrepreneurs form intentions to seek halal certification. On top of that, these variables do not act in isolation but are often interrelated. For instance, increased knowledge of halal concepts can enhance attitudes and perceived benefits (Nuratifah et al., 2019; Baharuddin et al., 2015). Halal practice awareness may moderate the relationship between knowledge and perceived behavioral control, as entrepreneurs attitude and awareness as dominant predictors (Adnan et al., 2017; Sari et al, 2018). Given this, the study adopts TPB as a unifying lens through which the intention to adopt halal certification can be examined.

### **Intention to Adopt Halal Certification in Malaysia**

Halal certification is essential for Muslim consumers to recognize halal food products in the market that comply with Islamic halal standards. The demand for and enhancement of halal-certified food products is increasing rapidly, both domestically and internationally. SMEs are among the key industries contributing significantly to the production of food and related products. The adoption of halal certification in Malaysia, particularly among small and medium enterprises (SMEs), is influenced by several factors, including market demand, regulatory frameworks, and business growth potential (Halal Development Corporation, 2023). The HDC and JAKIM have played significant roles in driving the adoption of halal standards, positioning Malaysia as a global leader in the halal economy. SMEs in Malaysia have been increasingly motivated to adopt halal certification due to growing market demand and the need for credibility in the global halal market (Azmi et al., 2019). Certification helps these businesses access international markets, particularly in Muslim-majority countries, and improves trust among consumers. Another study highlights the regulatory incentives provided by the Malaysian government to promote halal certification adoption, including financial support, training programs, and simplified certification procedures (Bakar et al., 2023). These initiatives are particularly aimed at making certification more accessible to SMEs, which have traditionally faced challenges such as the high cost of certification and complex compliance requirements. Nevertheless, despite these incentives, many SMEs still struggle with the complexities of maintaining halal standards, particularly in areas like logistics and supply chain management. Hence, there is a need for greater awareness and education among business owners regarding the long-term benefits of halal certification.

### **Attitude of Entrepreneurs**

The likelihood of complying with halal certification tends to rise as individuals' awareness and attitudes towards this behavior strengthen (Adnan et al., 2017). Generally, a more positive attitude, increased awareness, and stronger social influence lead to a higher probability of adopting the behavior (Ajzen, 1991). Ajzen (1991) describes attitudes toward behavior as an individual's favorable or unfavorable evaluations of an object of attitudes. Meanwhile, Fishbein and Ajzen (2018) define attitude as a predisposition to act consistently, whether positively or negatively, toward an object or thing. In the Theory of Planned Behavior (TPB), attitude is considered the first determinant of individual intention to act or otherwise (Basarud-din et al., 2023). Previous studies have demonstrated that attitude, social influence, and awareness are positively linked to intentions to comply with halal certification in Malaysia. Haque et al. (2018) highlighted that non-Muslim consumers' perceptions of halal food products are shaped by their attitude, subjective norms, and perceived behavioral control, particularly in the Malaysian context. Oemar et al. (2023) found that the intention to apply for halal certification is shaped by the producer's attitude towards creating halal products, reinforced by their awareness of halal requirements, and their perception of how easy it is to complete the certification process. Similarly, Asiah (2018) reported a strong path coefficient, indicating a robust relationship between attitude and the intention to adopt halal cosmetics among online entrepreneurs.



Drawing from previous empirical studies that highlight the influence of attitudes on intentions, the following hypothesis is proposed:

H1: The attitude of local coffee entrepreneurs significantly influences their intention to adopt halal certification in Perlis.

### Practices Awareness

Over the past decade, research on halal awareness and the intention to adopt halal certification has been conducted. Awareness is described as the state of being conscious, having knowledge, and understanding that something is occurring, while halal refers to what is permissible for Muslims to consume, drink, and use according to Islamic law (Oemar et al., 2023). Hence, in this study context, halal practice awareness is referred to understanding of entrepreneurs towards halal products as those that conform to Islamic Sharia and refers to an individual's attentiveness to what is occurring around them, which can influence their intentions to act. For instance, entrepreneurs today recognize the significance of applying halal principles not only to food but also to the handling, packaging, storage, and delivery processes (Nuratifah et al., 2019; Ab Karim et al., 2016). Moreover, it is crucial that the processing of halal food production follows the guidelines outlined in the standards to ensure the reliability and preservation of its halal status. A recent study by Bakar et al. (2023) found that respondents in their study who refer to small and medium enterprise entrepreneurs use halal materials for products produced and have a high awareness of halal practices. In conclusion, it is essential that the processing of halal food production adheres to the guidelines set by the standards to ensure greater reliability and consistency in maintaining its halal status. Thus, the following hypothesis is developed:

H2: Halal practice awareness significantly influences the intention to adopt halal certification among local coffee entrepreneurs in Perlis.

### Knowledge of the Halal Concept

Ensuring that halal and *tayyib* principles are adopted by halal industries, the Malaysian government has enacted the Malaysian Halal Standards (MS 1500:2009). Manufacturers are required to comply with these standards in the production of halal goods, as the government aims for Malaysia's halal product manufacturers to remain competitive in the global halal market. In addition, information about halal products involves understanding the permissions and prohibitions that individuals must be aware of and follow to ensure their consumption aligns with the rules of Islam. On top of that, for consumers to fully understand their awareness and attitude toward halal products, possessing knowledge about halal is the most essential requirement (Ozturk, 2022). Various factors influence consumer behavior, however, knowledge, awareness, and sensitivity to religious matters can have a stronger impact on purchasing preferences. Knowledge of the halal concept serves as a key factor in implementing an organization's internal halal system Nuratifah et al. (2019). This aligns with the findings of Baharuddin et al. (2015), who found that 60% of entrepreneurs' understanding of the halal concept and the importance of halal business information was high. Other studies revealed that foundational religious knowledge about the halal concept plays a crucial role in the implementation of an organization's internal halal system (Hassan et al., 2015) and has a positive effect on a person's attitude, and that attitude influences the practice of behaviour (Kwol et al., 2020). Based on the above discussion, the following hypothesis is proposed:

H3: Knowledge of the halal concept significantly influences the intention to adopt halal certification among local coffee entrepreneurs in Perlis.

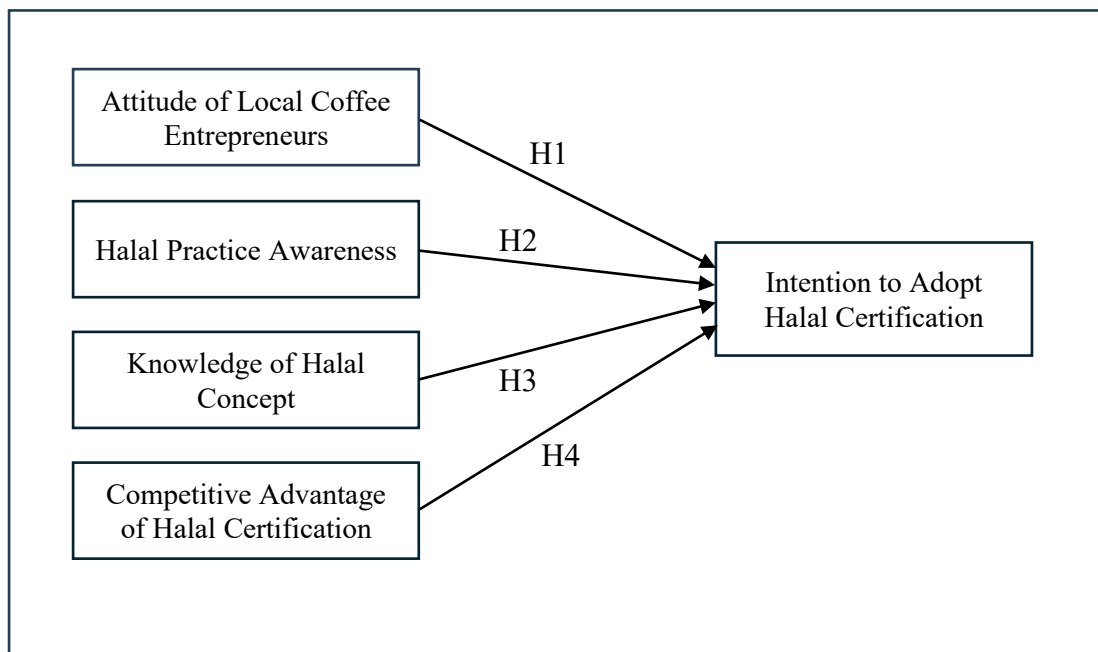
### Competitive Advantage of Halal Certification

Muslim consumers often see halal-certified businesses as more trustworthy and reliable, which directly gives businesses a competitive edge in the marketplace. Halal certification is, therefore, a way of tapping into this lucrative market. In line with a study by Pauzi (2018) explained that halal certification offers the advantage of accessing a broader market while simultaneously increasing revenue opportunities for entrepreneurs. Respondents in this study agreed that having a halal certificate gives confidence to their consumers, which makes them confident that the food they eat or drink is clean, pure from prohibited substances, and includes environmental cleanliness. According to Hashim and Mohd Nor (2022), the competitive advantage of halal certification can be divided into four categories, which are expected gains in social legitimacy, expected gains in economic competitiveness, perceived importance of stakeholders, and top management commitment. In conclusion, the benefits of an authentic halal certification are evident to buyers, as it spares them the need to verify each ingredient and fully understand the production process. It also allows end customers to make informed, confident choices at the point of purchase. Thus, the following hypothesis is developed:

H4: The competitive advantages of halal certification significantly influenced the intention to adopt halal certification among local coffee entrepreneurs in Perlis.

### Research Framework

To get a clearer idea of what this study is about, a research framework was developed. The research framework for this study is shown in Figure 2 below.



### Methodology

This study employs a quantitative research design to explore the determinants influencing the intention to adopt halal certification among local coffee entrepreneurs in Perlis. The research framework consists of four independent variables: attitude of local coffee entrepreneurs, halal practice awareness, knowledge of halal concept, and competitive advantage of halal certification, which are hypothesized to influence the dependent variable, intention to adopt

halal certification. A structured questionnaire was developed based on validated instruments from previous studies, with slight modifications to suit the context of local coffee entrepreneurs.

A structured questionnaire was developed based on validated instruments from previous study (Oemar et al., 2023), with minor modifications to suit the context of local coffee entrepreneurs. The questionnaire consists of multiple sections, covering demographic information, the independent variables, and the dependent variable, using a 5-point Likert scale ranging from “Strongly Disagree” to “Strongly Agree”. The target population of the study includes local coffee entrepreneurs who are either currently operating without halal certification or are in the process of obtaining it. Prior to full deployment, a pilot test was conducted with 15 local coffee entrepreneurs in Perlis to assess the clarity, relevance, and reliability of the questionnaire items. Feedback from the pilot study was used to refine question wording and ensure face validity. The pilot test results also informed the reliability analysis, where Cronbach’s alpha values for each construct were above the acceptable threshold of 0.70, indicating satisfactory internal consistency. A purposive sampling technique was employed to select respondents who met the criteria of being actively involved in coffee-related businesses in Perlis. This method was justified as the study aimed to gather insights from a specific subgroup with direct relevance to the research objectives namely, entrepreneurs involved in coffee-related businesses with potential halal certification intentions. To minimize sampling bias, clear inclusion criteria were established, and efforts were made to ensure a diverse representation of businesses across different sizes, locations within Perlis, and stages in the certification process. A total of 80 questionnaires were distributed, out of which 74 valid responses were collected, yielding a response rate of 92.5%. The collected data were input and analyzed using SPSS software. Descriptive statistics, including frequencies, means, and standard deviations, were calculated to summarize the demographic characteristics of respondents and provide an overview of the key variables. Reliability analysis using Cronbach’s alpha was conducted to ensure the internal consistency of the measurement scales.

For inferential analysis, multiple regression analysis was performed to test the proposed hypotheses and assess the relative importance of each determinant in predicting the intention to adopt halal certification. Additionally, correlation analysis was used to examine the strength and direction of the relationships among the variables. The findings from the analysis provide insights into the key factors influencing local coffee entrepreneurs’ decisions regarding halal certification, contributing valuable knowledge to policymakers and industry stakeholders aiming to promote halal certification adoption in the coffee business sector.

## Results and Discussion

The findings of this study are presented and discussed in the following section. All research questions and objectives, which primarily aimed to investigate the determinants of halal certification adoption among local coffee entrepreneurs in Perlis, have been addressed. Several analyses were conducted, including descriptive analysis to summarize the demographic profile of respondents. Additionally, correlation analysis and multiple regression analysis were performed to examine the relationships between variables and the impact of the independent variables on the dependent variable.

### Reliability Test

The reliability of the measurement scales used in this study was assessed using Cronbach’s Alpha ( $\alpha$ ). The results indicate that all constructs demonstrate acceptable to excellent internal consistency. The attitude of local coffee entrepreneurs achieved a Cronbach’s Alpha of 0.834,



suggesting good reliability for the four items measuring this construct. Halal practice awareness exhibited excellent reliability with a Cronbach's Alpha of 0.858 across eight items. Similarly, the knowledge of the halal concept demonstrated acceptable reliability, with a Cronbach's Alpha of 0.760 for its eight items. The competitive advantage of halal certification showed good reliability, with a Cronbach's Alpha of 0.840 for four items. Finally, the intention to adopt halal certification recorded the highest reliability, with a Cronbach's Alpha of 0.862 for its four items. These results confirm that the scales used in this study are reliable and suitable for further analysis. Table 1 below summarizes the reliability test results.

**Table 1: Reliability Test Result**

	Cronbach's Alpha	N of Items
Attitude of Local Coffee Entrepreneurs	0.834	4
Halal Practice Awareness	0.858	8
Knowledge of Halal Concept	0.760	8
Competitive Advantage of Halal Certification	0.840	4
Intention to Adopt Halal Certification	0.862	4

### Demographic Profile

Section A of the questionnaire covers the demographic profile of respondents, which is summarized in Table 2 below. The data presented includes demographic information, which are gender, age, years of operations, received halal certification, and the designation of the respondents. Here is a detailed analysis of the findings:

**Table 2: Summary of Demographic Profile of Respondents**

No.	Demographic	Subject	Frequencies	Percentage
1	Gender	Male	46	62.2
		Female	28	37.8
2	Age (years)	Less than 20 years old	3	4.1
		21 - 25 years	25	33.8
		26 - 30 years	32	43.2
		31 - 35 years	9	12.2
		More than 36 years old	5	6.8
3	Years of Operation	Less than 2 years	27	36.5
		3 - 5 years	37	50.0
		6 - 10 years	10	13.5
		Total	74	100.0
4	Received Halal Certification	No	51	68.9
		Yes	23	31.1
5	Designation	Owner of the company	37	50.0
		Manager	9	12.2
		Supervisor	28	37.8

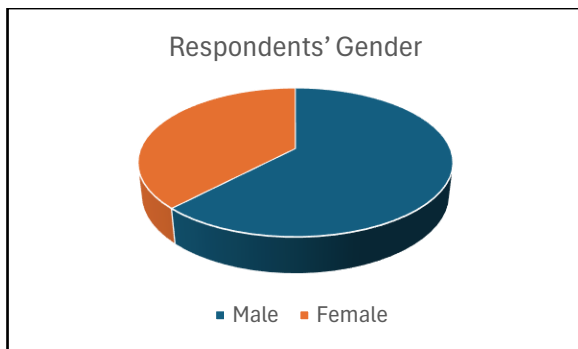
### Gender Distribution

Figure 3 below presents the gender distribution of the respondents. Out of the 74 local coffee entrepreneurs surveyed, 62.2% (n = 46) were male, while 37.8% (n = 28) were female. This indicates that the majority of coffee entrepreneurs in Perlis are male. The gender imbalance may reflect the typical demographic composition of business owners in the coffee industry within the region. Understanding the gender distribution is essential, as it may influence

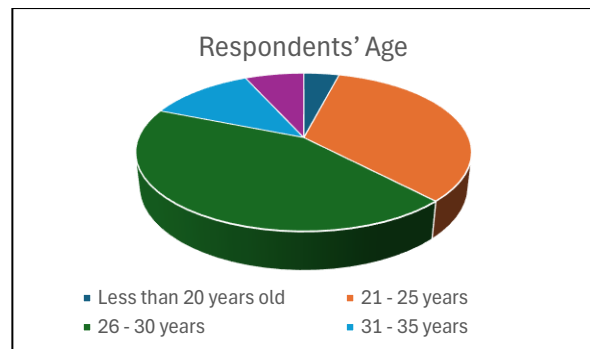
business decisions and the adoption of halal certification due to differing attitudes and practices between male and female entrepreneurs.

### Age Distribution

Table 2 illustrates the age distribution of the respondents. The largest group of local coffee entrepreneurs falls within the 26–30 years old category, accounting for 43.2% ( $n = 32$ ) of the total respondents. This is followed by those aged 21–25 years, representing 33.8% ( $n = 25$ ). Entrepreneurs aged 31–35 years make up 12.2% ( $n = 9$ ), while those aged more than 36 years account for 6.8% ( $n = 5$ ). A small percentage of respondents, 4.1% ( $n = 3$ ), are below 20 years old. These results indicate that the majority of local coffee entrepreneurs in Perlis are relatively young, with 77% of them falling between 21 and 30 years old. This suggests that younger entrepreneurs dominate the coffee business in the region, which may influence the adoption of halal certification, as younger individuals are often more open to new business strategies and innovations.



**Figure 3: Respondent's Gender**



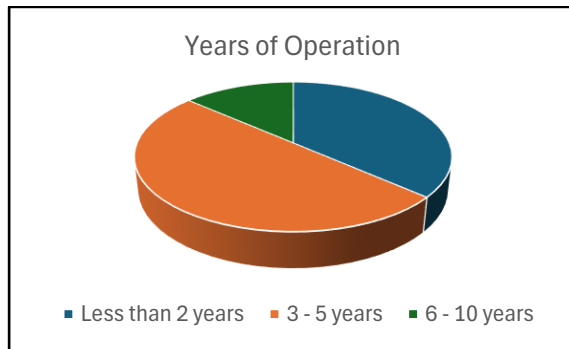
**Figure 4: Respondent's Age**

### Years of Operation

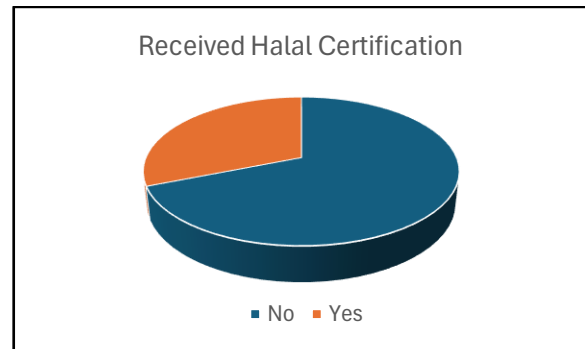
Table 3 shows the distribution of respondents based on their years of business operation. The majority of local coffee entrepreneurs have been in business for 3 to 5 years, comprising 50.0% ( $n = 37$ ) of the total respondents. This is followed by those who have been operating for less than 2 years, representing 36.5% ( $n = 27$ ). A smaller proportion, 13.5% ( $n = 10$ ), have been in operation for 6 to 10 years. These findings suggest that most of the respondents are relatively new to the coffee business, with 86.5% having operated their businesses for 5 years or less. The relatively short business duration indicates that many entrepreneurs may still be in the early stages of establishing and expanding their ventures. This may have implications for the adoption of halal certification, as newer businesses might be more open to adopting certification to enhance their credibility and competitiveness in the market.

### Received Halal Certification

The data presents the distribution of respondents regarding whether they have received halal certification for their coffee businesses. Of the total respondents, 51 (68.9%) have not received halal certification, while 23 (31.1%) have obtained it. This indicates that the majority of coffee entrepreneurs in the sample have yet to receive halal certification, with almost one-third having already done so. The disparity suggests that halal certification adoption is not widespread among local coffee entrepreneurs in Perlis, potentially highlighting barriers or challenges in the certification process.



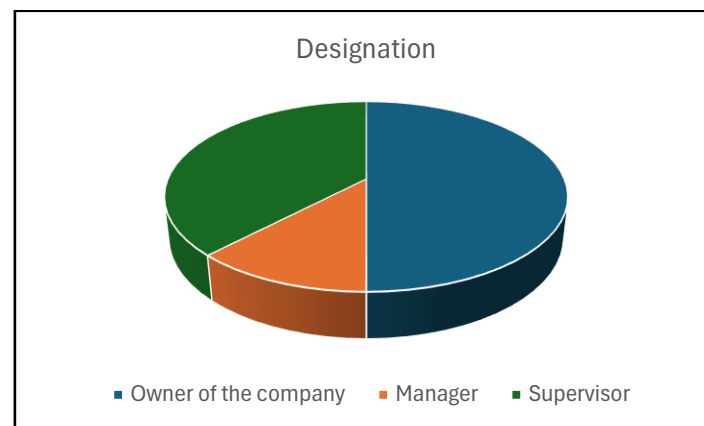
**Figure 5: Years of Operation**



**Figure 6: Received Halal Certification**

### Designation

The data reveals the distribution of respondents based on their designation within their companies. Of the total respondents, 37 (50.0%) are owners of their respective businesses, 9 (12.2%) hold the position of manager, and 28 (37.8%) are supervisors. This indicates that the majority of respondents are business owners, with a significant proportion also occupying supervisory roles. The relatively smaller number of managers suggests that managerial positions may be less common or less distinct in the organizational structure of the businesses surveyed.



**Figure 7: Respondent's Designation**

### Correlation Analysis

The correlation analysis was conducted to examine the relationships between the key constructs in this study: attitude of local coffee entrepreneurs, halal practice awareness, knowledge of the halal concept, competitive advantage of halal certification, and the intention to adopt halal certification. Pearson correlation coefficients were calculated to measure the strength and direction of the associations between these variables. As shown in Table 3, all correlations were statistically significant at the 0.01 level (2-tailed), indicating meaningful relationships among the constructs. The results provide insights into how these factors are interrelated, which will be further elaborated in the subsequent sections.

**Table 3: Correlation Analysis**

		Attitude	Halal_Practice	Knowledge	Comp_Advantage	Intention_Adopt
Attitude	Pearson Correlation	1	.688**	.583**	.412**	.385**
	Sig. (2-tailed)		<.001	<.001	<.001	<.001
	N	74	74	74	74	74
Halal_Practice	Pearson Correlation	.688**	1	.699**	.682**	.501**
	Sig. (2-tailed)	<.001		<.001	<.001	<.001
	N	74	74	74	74	74
Knowledge	Pearson Correlation	.583**	.699**	1	.656**	.457**
	Sig. (2-tailed)	<.001	<.001		<.001	<.001
	N	74	74	74	74	74
Comp_Advantage	Pearson Correlation	.412**	.682**	.656**	1	.645**
	Sig. (2-tailed)	<.001	<.001	<.001		<.001
	N	74	74	74	74	74
Intention_Adopt	Pearson Correlation	.385**	.501**	.457**	.645**	1
	Sig. (2-tailed)	<.001	<.001	<.001	<.001	
	N	74	74	74	74	74

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The correlation analysis reveals significant positive relationships among all the variables examined. The attitude of local coffee entrepreneurs is strongly correlated with halal practice awareness ( $r = .688$ ,  $p < .001$ ) and moderately correlated with knowledge of the halal concept ( $r = .583$ ,  $p < .001$ ), competitive advantage of halal certification ( $r = .412$ ,  $p < .001$ ), and intention to adopt halal certification ( $r = .385$ ,  $p < .001$ ). These findings suggest that entrepreneurs with a more favorable attitude toward halal certification tend to be more aware of halal practices, have greater knowledge of halal concepts, and perceive greater competitive advantages of certification, which influences their intention to adopt it.

Halal practice awareness shows strong positive correlations with knowledge of the halal concept ( $r = .699$ ,  $p < .001$ ), competitive advantage of halal certification ( $r = .682$ ,  $p < .001$ ), and intention to adopt halal certification ( $r = .501$ ,  $p < .001$ ). This indicates that entrepreneurs with greater awareness of halal practices are more knowledgeable about halal concepts, recognize the competitive benefits of certification, and are more likely to adopt halal certification.

Knowledge of the halal concept is moderately correlated with the competitive advantage of halal certification ( $r = .656$ ,  $p < .001$ ) and the intention to adopt halal certification ( $r = .457$ ,  $p < .001$ ). These results suggest that a deeper understanding of halal concepts enhances perceptions of certification as a competitive advantage and positively influences the intention to adopt it.

The competitive advantage of halal certification exhibits a strong positive correlation to adopting halal certification ( $r = .645$ ,  $p < .001$ ), indicating that entrepreneurs who perceive higher competitive benefits from certification are more likely to adopt it. These findings highlight the interconnectedness of attitudes, awareness, knowledge, and perceived advantages in influencing the intention to adopt halal certification among local coffee entrepreneurs.

### Multiple Regression Analysis

Regression analysis is employed when an independent variable is hypothesized to impact a dependent variable. In this research, regression analysis was conducted to assess whether the independent variables, attitude of local coffee entrepreneurs, halal practice awareness, knowledge of the halal concept, and competitive advantage of halal certification, significantly influence the dependent variable, which is the intention to adopt halal certification. The unstandardized coefficients (B), standardized coefficients ( $\beta$ ), t-values, and significance levels for each variable were examined to determine their contribution to the model. Multiple regression can evaluate the model fit and determine the relative contribution of each independent variable to the total variance in this study. Table 4 below summarizes the regression results of this study.

**Table 4: Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.237	.610		2.030	.046
	Attitude	.163	.143	.148	1.141	.258
	Halal Practice	.020	.219	.015	.090	.929
	Knowledge	-.040	.186	-.030	-.214	.831
	Comp Advantage	.579	.131	.594	4.421	<.001

a. Dependent Variable: Intention\_Adopt

The multiple regression analysis was conducted to assess the impact of four independent variables - attitude of local coffee entrepreneurs, halal practice awareness, knowledge of the halal concept, and competitive advantage of halal certification - on the dependent variable, intention to adopt halal certification. This analysis provides insights into how these factors collectively and individually influence the halal certificate adoption intention among local coffee entrepreneurs.

The regression equation, derived from the unstandardized coefficients, is as follows:

$$\text{Intention to Adopt Halal Certification} = 1.237 + 0.163(\text{Attitude}) + 0.020(\text{Halal Practice Awareness}) - 0.040(\text{Knowledge of Halal Concept}) + 0.579(\text{Competitive Advantage of Halal Certification})$$

This equation indicates that for every one-unit increase in the competitive advantage of halal certification, the intention to adopt halal certification increases by 0.579 units, holding all other variables constant. Similarly, a one-unit increase in attitude leads to a 0.163 unit increase in the intention to adopt, while halal practice awareness has a minimal positive contribution of 0.020 units. However, knowledge of the halal concept has a small negative effect of -0.040 units. The constant value of 1.237 represents the baseline level of intention to adopt halal certification when all independent variables are equal to zero.

The results indicate that the competitive advantage of halal certification is the only variable with a significant and positive impact on the intention to adopt halal certification ( $B = 0.579$ ,  $\beta = 0.594$ ,  $t = 4.421$ ,  $p < 0.001$ ). This suggests that entrepreneurs who perceive higher competitive advantages from obtaining halal certification are more likely to adopt it. The standardized coefficient ( $\beta = 0.594$ ) indicates that the competitive advantage of halal certification has the



strongest influence among the variables in the model, emphasizing its critical role in shaping entrepreneurs' intentions.

In contrast, the other three independent variables - attitude of local coffee entrepreneurs, halal practice awareness, and knowledge of the halal concept - do not exhibit statistically significant effects on the intention to adopt halal certification. The attitude of local coffee entrepreneurs has a positive but non-significant influence ( $B = 0.163$ ,  $\beta = 0.148$ ,  $t = 1.141$ ,  $p = 0.258$ ), indicating that while a favorable attitude toward halal certification might be associated with greater intention, its direct contribution in this context is not strong enough to reach significance.

Similarly, halal practice awareness shows a very small and non-significant positive effect ( $B = 0.020$ ,  $\beta = 0.015$ ,  $t = 0.090$ ,  $p = 0.929$ ), suggesting that mere awareness of halal practices does not necessarily translate into a stronger intention to adopt halal certification. This could imply that awareness alone may not be sufficient to motivate entrepreneurs to act unless it is accompanied by other factors such as perceived benefits or business opportunities.

The knowledge of the halal concept has a negative but non-significant relationship with the intention to adopt halal certification ( $B = -0.040$ ,  $\beta = -0.030$ ,  $t = -0.214$ ,  $p = 0.831$ ). This unexpected result may indicate that knowledge of halal concepts, while important for compliance, does not directly influence the intention to adopt halal certification. This finding could suggest that other practical considerations, such as business benefits, might outweigh theoretical knowledge in influencing decision-making.

The constant term in the model is significant ( $B = 1.237$ ,  $t = 2.030$ ,  $p = 0.046$ ), suggesting that even in the absence of the independent variables, there is a baseline level of intention to adopt halal certification among local coffee entrepreneurs.

In summary, the regression results highlight the pivotal role of the perceived competitive advantage of halal certification as a key driver of adoption intention. Entrepreneurs who see certification as a way to enhance their business competitiveness are more likely to pursue it. On the other hand, attitude, awareness, and knowledge, while theoretically relevant, do not significantly contribute to the adoption intention in this model. These findings underscore the need for policymakers and industry stakeholders to focus on communicating the tangible benefits of halal certification, such as market access, customer trust, and business differentiation, to encourage wider adoption among local coffee entrepreneurs.

## Discussion

The findings from this study provide valuable insights into the factors influencing the intention to adopt halal certification among local coffee entrepreneurs. The correlation analysis highlights significant positive relationships among all the key constructs, while the regression analysis underscores the pivotal role of the perceived competitive advantage of halal certification in shaping entrepreneurial intentions.

The strong positive correlation between attitude and halal practice awareness ( $r = .688$ ,  $p < .001$ ) aligns with Ajzen's (1991) Theory of Planned Behavior, which posits that attitudes are a critical determinant of behavior. Entrepreneurs with a favorable attitude toward halal certification are more likely to exhibit heightened awareness of halal practices, reflecting the interconnectedness of cognitive and affective factors (Ajzen et al., 2018). Similarly, the

significant relationship between halal practice awareness and knowledge of the halal concept ( $r = .699$ ,  $p < .001$ ) is consistent with findings from Ambali and Bakar (2014), who emphasized the role of awareness in enhancing knowledge of halal standards.

The competitive advantage of halal certification emerged as the strongest predictor of adoption intention ( $B = 0.579$ ,  $\beta = 0.594$ ,  $p < .001$ ). This finding is supported by prior research (Ab Talib et al., 2016; Khan et al., 2019), which highlights that perceived benefits, such as enhanced market access and consumer trust, significantly influence certification decisions. Entrepreneurs who recognize these competitive benefits are more inclined to pursue certification, as also noted by Khalek (2014).

Interestingly, while attitude, halal practice awareness, and knowledge were significantly correlated with the intention to adopt halal certification, they did not exhibit significant direct effects in the regression model. This could be attributed to the mediating role of perceived competitive advantage. Similar findings have been reported in studies by Azmi et al. (2019) and Silalahi et al. (2022), which suggest that practical business considerations often outweigh cognitive and affective factors in influencing entrepreneurial decisions.

The minimal contribution of halal practice awareness ( $B = 0.020$ ,  $p = 0.929$ ) to adoption intention suggests that awareness alone is insufficient to drive action. This supports the argument by Maifiah and Ahmad (2023) that awareness needs to be coupled with perceived tangible benefits to motivate entrepreneurs. Similarly, the negative but non-significant effect of knowledge ( $B = -0.040$ ,  $p = 0.831$ ) may indicate that theoretical understanding without practical application holds limited value, echoing findings by Basarud-din et al. (2022).

From a policy perspective, these results underscore the importance of emphasizing the competitive advantages of halal certification in promotional efforts. Policymakers and industry stakeholders should focus on communicating the tangible benefits of certification, such as increased customer trust, access to new markets, and differentiation in competitive landscapes (Wilson & Liu, 2010; Khalek et al., 2015). Enhancing these perceptions could foster greater adoption rates among local entrepreneurs.

## Conclusion

This study examined the relationships and impacts of attitude, halal practice awareness, knowledge of the halal concept, and competitive advantage of halal certification on the intention to adopt halal certification among local coffee entrepreneurs. The correlation analysis revealed significant positive relationships among all the variables, indicating their interconnectedness in influencing adoption intention. The multiple regression analysis identified the competitive advantage of halal certification as the only significant predictor of adoption intention, highlighting its pivotal role in shaping entrepreneurs' decisions. This underscores the importance of perceived business benefits as a key driver of halal certification adoption. In contrast, attitude, halal practice awareness, and knowledge of the halal concept, while important in theory, did not significantly contribute to adoption intention in this study. These findings suggest several practical implications. To increase halal certification adoption, policymakers and certification bodies should focus on communicating the tangible benefits of certification, such as increased marketability, customer trust, and business competitiveness. Awareness campaigns and training programs should also emphasize how certification can provide a competitive edge, rather than solely focusing on theoretical knowledge or compliance requirements.

Future research could explore other factors that may influence the adoption of halal certification, such as financial costs, customer demand, or government incentives. Additionally, qualitative studies could provide deeper insights into the motivations and challenges faced by entrepreneurs in adopting halal certification. By addressing these areas, stakeholders can develop more effective strategies to encourage wider adoption of halal certification, ultimately contributing to the growth and sustainability of the halal industry.

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