

[HTSL#124]

# Overview on the Implementation of Halal Certification among Home-Based Food Business (HBFB) in Malaysia

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## ABSTRACT

This article provides an overview of the implementation of halal certification among Home-Based Food Businesses (HBFBs) in Malaysia. Entrepreneurial organisations like Home-Based Business (HBB) help produce food and beverages. HBBs should comply with halal requirements as they develop in the nation. This overview explores the concepts, awareness, challenges, and importance of obtaining halal certification for HBBs in food products. This qualitative study uses content analysis to examine HBFB halal certification implementation. It examined existing studies and literature. The data suggest the HBFB experienced difficulties obtaining halal certification. The government has also taken steps to help HBB entrepreneurs get halal certificates. It is essential for HBFB to have a halal certificate especially when it concerns halal food and food safety to ensure the halalness and quality of food products. Nonetheless, this study aims to provide insights and guides towards relevant parties including the entrepreneurs in the implementation of halal certification for HBFB to compete in the global halal market.

**Keywords:** Halal certification, Home-based business, Halal product, Entrepreneur

## 1 Introduction

Over the years, Home-Based Businesses (HBB) have always held substantial importance and contribution to the country socially and economically. This trend can be attributed to various factors such as changing work patterns, and the desire for flexibility and autonomy [8], Covid-19 impact [2], and technological advancements [10]. Numerous individuals are pursuing alternatives to conventional employment and are embracing the concept of home-based business ownership. Entrepreneurs in Malaysia are often associated with home-based, low-volume enterprises [3]. HBB also is categorized as micro-enterprises. However, HBFB operated from a home kitchen instead of a restaurant and other industrial premises.

Homemade food and drinks have become more popular among consumers in the community. However, there have been concerns over food safety concerning the hygiene and food handling practices among these businesses. The activities or operations performed at home, particularly those related to food preparation, may not always undergo thorough inspections, or meet the necessary standards [2]. These issues may risk the products becoming susceptible



to food safety hazards. In addition, the halal status of the origin of the products' sources is being brought into question as well [15].

Additionally, the implementation of halal certification can pose significant challenges for HBB entrepreneurs, who often lack the resources and expertise necessary to navigate the certification process [8;11]. [4] asserted that the ability of micro-businesses to sell their products and services abroad is severely lacking. Home-based business (HBFB) owners usually operate without halal certification since there are specific features that do not match JAKIM's requirements. As such, these concerns may create a growing divide between large-scale, established food producers and smaller, independent entrepreneurs who are struggling to meet the JAKIM's requirements. This gap also dampens the government's objective to become a global halal hub as HBFB is a significant sector in the food and beverages industry itself. Therefore, this study aims to provide an overview of the implementation of halal certification among HBFB in Malaysia.

## **2 Materials and Methods**

The qualitative study uses content analysis to evaluate data on HBFB halal certification in Malaysia. The research examines HBFB entrepreneurs' halal certification concepts, awareness, requirements, and challenges. This study relies on secondary data from others. This method is justified since it maximises resource efficiency and reduces research costs [14] as the data acquisition will be faster and more efficient. Data includes books, articles, academic journals, and public and unpublished materials. Google Scholar, ResearchGate, Elsevier, and official websites provide secondary data. Gathering data from existing sources, evaluating, and interpreting it to establish themes and make conclusions.

## **3 Findings and Discussion**

### **3.1 Halal Certification in Malaysia**

Halal certification entails strict requirements that are dictated by Islamic jurisprudence to be certified halal by the halal certification body. If a product has been certified as Halal, it has been shown to adhere to Islamic dietary requirements and it has been checked to make sure it contains only approved ingredients [9]. These requirements encompass multiple aspects of the production process, including the sourcing of ingredients, methods of preparation, production, storage, transportation, labelling, and the avoidance of unlawful components in the whole manufacturing chain.

Besides, halal certification complements the other food safety certifications by providing an additional layer of assurance for consumers, particularly those who seek halal products. While food safety certifications such as Hazard Analysis and Critical Control Points (HACCP) and Good Manufacturing Practices (GMP) focus on ensuring the safety and quality of food products, halal certification specifically addresses compliance according to *Shari'ah* laws [1].

By obtaining halal certification, food businesses demonstrate their commitment to meeting the requirements of both food safety and halal standards.

As a result of the growing demand for halal products, it has become necessary to gain consumers' trust and provide ultimate assurance. Hence, businesses with halal certifications are more appealing and can penetrate the global market [6]. Accordingly, halal certification is beneficial towards HBFB entrepreneurs. Among the benefits, it enhances product safety and quality since it adheres to strict guidelines and standards, which include monitoring the production chain while also reducing the risks and cross-contamination. Besides, it provides access towards Muslims and consumers that seek halal products and works as a marketing tool which helps the business to stand out from the crowd.

### **3.2 Challenges in Obtaining Halal Certification**

Due to their small capacity and resources, HBBs are very likely to be lacking in several aspects of their business compared to other sizes of enterprises. Considering the conditions set by JAKIM in MPPHM (2020), some of the requirements cannot be met by HBB entrepreneurs. According to [12], the findings demonstrated that some Muslim business owners failed the Local Authority's (PBT) evaluation because they did not possess the proper facility for product production. Besides, [2] stated that HBB entrepreneurs usually operate without registering with the SSM (Companies Commission of Malaysia) due to cost-saving reasons. Furthermore, [8] has identified five challenges that HBB face on the road to halal certification. The challenges include their failure to understand the halal requirements, misconception about the significance of halal certification, stringent guidelines and procedures of the Malaysian halal standards, lack of proper guidance and limited capital. Moreover, micro-enterprises usually have low market orientation and motivation [5]. As such, the passive attitudes may translate into weak overall performances and their readiness to commit to the implementation of halal certification.

According to MPPHM (2020), the requirements for halal certification consist of registering with SSM, Cooperative Commission, or other government agencies as well as possessing a business license from PBT. Plus, it requires labels on the product packaging and a separate facility or premise from living quarters among other conditions. As micro-enterprises, HBBs which often operate on a smaller scale at home-kitchen may have limited financial capabilities and resources to invest in meeting regulatory standards and halal requirements. Accordingly, the home kitchen itself is not generally eligible for halal certification. In a home-kitchen setting, it can be challenging to maintain the necessary level of control and monitoring to guarantee compliance with the requirements. While home-based businesses can still produce halal food, the certification itself is typically obtained for commercial kitchens or food production facilities that can demonstrate the necessary controls and compliance with halal standards. Addressing these challenges also requires a concerted effort from various parties

to assist the entrepreneurs in the implementation. However, the most crucial thing is changing the mindset of the entrepreneurs involved. The attitude of cottage industries and small family businesses must be changed if an entrepreneur is to succeed [5]. By embracing a growth mindset and being open to new ideas, entrepreneurs can stay competitive and drive the growth of their businesses. It is essential for their long-term success and competitiveness in the dynamic and evolving halal market.

### **3.3 Measures to Adopt Halal Certification among HBFB**

The establishment of a separate scheme for Home-Based Food Businesses (HBFB) may not be feasible due to the significance of the Malaysian halal certification as a trademark for the country's credibility and integrity [7]. Additionally, the Malaysian halal certification system is well-regarded and must follow standardized procedures and standards across all states to ensure consistency and integrity. Thus, the government has taken several measures to assist the HBB in obtaining halal certification. [7] has listed that among the measures is obtaining a business license through guidance agencies. These agencies also can provide valuable assistance to entrepreneurs in terms of facilities, grants, and documentation as well. Next, obtaining halal certification through Contract Manufacturing Scheme or OEM under several conditions. In this regard, OEM firms may apply for HC for their OEM services. HBB enterprises without halal certificates may utilize the manufacturer's logo and certificate where halal-certified manufacturers will be listed on the package as the manufacturer. Moreover, it is suggested that the entrepreneur seek guidance directly from trustworthy certifying bodies namely JAKIM and the State Department of Islamic Religion (MAIN/JAIN) instead of with outside consultants to assist them with the certification process. On the other hand, there has been a suggestion to establish a halal cottage that specifically addresses the HBB sector. The suggestion for this initiative encompasses RM500,000 provision towards the entrepreneur for the development of their premises and equipment to fulfil the halal requirements and standards [13]. Implementing these measures work as an alternative to ease the process of adopting halal certification among HBFBs in Malaysia. Consequently, HBFB entrepreneurs are advised to seek halal certification for their products as it not only meets the needs of halal-conscious consumers but also opens new market opportunities, enhances competitiveness, and fosters collaborations within the halal industry to improve their standard of living. Overall, encouraging the participation of HBFB businesses in the implementation of halal certification requires raising awareness, providing support, and fostering collaboration.

## **4 Conclusion**

The study highlights the importance of halal certification in the HBFB sector, the challenges faced by the HBFB entrepreneurs, and the measures taken by the government to assist HBFB in the obtainment of halal certification. The implication of the study underlines the need to

increase awareness among HBFB entrepreneurs about the importance of possessing a halal certificate and providing them with support and resources to assist in the certification process.

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