

## **Do Halal Literacy, Religiosity, and Legal Compliance Affect the Motivation of Applying for Halal Product Certification?**

**Khabib Sholeh<sup>1)</sup>, Afif Zaerofi<sup>2)</sup>, Yono Haryono<sup>3)</sup>**

1), 2), Magister Ekonomi Syariah, Institut Agama Islam Tazkia, Bogor, Indonesia, 3) Bank Indonesia  
Email: [2105.khabib.037@student.tazkia.ac.id](mailto:2105.khabib.037@student.tazkia.ac.id)

### **ABSTRACT**

The enactment of regulations regarding the obligation to guarantee halal products in Indonesia according to Law Number 33 2014 is mandatory and binds for SMEs owners to have halal guarantees for all products that are offered. However, the number of Indonesian SMEs that have been halal-certified remains very low and far from their potential. The purpose of this study was to analyze the effect of the level of literacy, religiosity, and legal compliance of SMEs owners on halal product guarantee regulations using a quantitative approach with a research instrument in the form of a questionnaire distributed to SMEs owners in Depok. This study used a purposive sampling technique and obtained as many as 152 food SMEs that had not been halal certified. The results of this study show that halal literacy and religiosity influence the motivation of SMEs owners to apply for halal certifications. There are still SMEs owners who do not know or understand the rules and requirements for applying for halal certification. Legal compliance has no influence on SME owners' motivation to apply for halal product certification. The majority of respondents complied with business regulations but did not have halal certification. The results of this study are expected to contribute to the implementation of halal certification policies and growth of the halal industry in Indonesia.

**Keywords:** *halal product certification, halal literacy, obedience laws, religiosity.*

### **ABSTRAK**

Pemberlakuan regulasi mengenai kewajiban jaminan produk halal di Indonesia menurut Undang-Undang Nomor 33 Tahun 2014 bersifat wajib dan mengikat bagi pelaku UKM untuk memiliki jaminan halal atas seluruh produk yang ditawarkan. Akan tetapi, jumlah UKM Indonesia yang telah tersertifikasi halal masih sangat rendah dan jauh dari potensinya. Tujuan penelitian ini adalah menganalisis pengaruh tingkat literasi, religiusitas, dan kepatuhan hukum pelaku UKM terhadap regulasi jaminan produk halal menggunakan pendekatan kuantitatif dengan instrumen penelitian berupa kuesioner yang disebarakan kepada pelaku UKM di Kota Depok. Penelitian ini menggunakan teknik purposive sampling dan diperoleh sebanyak 152 UKM pangan yang belum tersertifikasi halal. Hasil penelitian ini menunjukkan bahwa literasi halal dan religiusitas berpengaruh terhadap motivasi pelaku UKM untuk mengajukan sertifikasi halal. Masih terdapat pelaku UKM yang belum mengetahui atau memahami aturan dan persyaratan pengajuan sertifikasi halal. Kepatuhan hukum tidak berpengaruh terhadap motivasi pelaku UKM untuk mengajukan sertifikasi produk halal. Mayoritas responden mematuhi peraturan bisnis tetapi tidak memiliki sertifikasi halal. Hasil penelitian ini diharapkan dapat memberikan kontribusi terhadap penerapan kebijakan sertifikasi halal dan pertumbuhan industri halal di Indonesia.

**Kata kunci:** *sertifikasi produk halal, literasi halal, ketaatan hukum, religiusitas.*

## INTRODUCTION

The Indonesian government's goal of establishing the nation as the world's halal industry hub by 2024 is detailed in its 2019-2024 sharia economic master plan. This ambition is directly linked to Indonesia's large Muslim population and increasing public acceptance of halal products in recent years. The halal industry made a significant economic impact in Indonesia, contributing \$3.8 billion to the nation's GDP in 2019, as reported by the Indonesian Ministry of Finance.<sup>1</sup>

A robust halal product guarantee system, particularly certification for food ingredients, is necessary given the high acceptance of halal products both domestically and globally. Halal certification is consistent with Islamic business ethics.<sup>2</sup> The halal certification system provides assurance to the Muslim community regarding the quality of the food and beverage products they consume. In Indonesia, the legal requirement for halal assurance on all circulating products has shifted from optional to compulsory, as outlined in Law Number 33/2014.<sup>3</sup> The enforcement of mandatory halal certification regulations is designed to provide clear and legally binding consumer protection for Indonesia's predominantly Muslim population. This measure not only benefits Muslim consumers but also serves non-Muslim consumers by ensuring food products meet high standards of quality and hygiene.<sup>4</sup>

In Indonesia, the requirement for compulsory halal certification poses a significant concern for manufacturers, especially those operating in the food ingredient sector within the Micro, Small, and Medium Enterprises (MSME) segment. This issue is particularly relevant given that MSMEs represent a substantial portion of the Indonesian market. Nevertheless, the development of halal products among these smaller enterprises faces numerous obstacles. One of these challenges is the uneven distribution of MSMEs in Indonesia that have been certified as halal. According to data from the 2019 Ulema Council, 15,495 MSMEs-certified halals in the same period<sup>5</sup>. The data aligns with Finance Minister Sri Mulyani's assertion that a mere 1% of Indonesian MSMEs possess halal assurance certificates. This figure is considerably lower than the potential. To transform Indonesia into a global halal hub, coordinated initiatives are essential to boost the number of MSMEs with halal certification.<sup>6</sup>

Numerous studies have investigated the issue of halal product assurance for MSME players using both qualitative and quantitative approaches. Using a quantitative approach, this study focuses on the impact of literacy, religiosity, and legal compliance of MSME players in Depok City on their motivation to apply for halal product certification. Given the substantial disparity between the number of operational MSMEs and the availability of halal

<sup>1</sup> Muhammad Anwar Fathoni, "Potret Industri Halal Indonesia: Peluang Dan Tantangan," *Jurnal Ilmiah Ekonomi Islam* 6, no. 3 (2020): 428, <https://doi.org/10.29040/jiei.v6i3.1146>.

<sup>2</sup> Diah Maratus Syafiah and Lailatul Qodariyah, "Analisis Implementasi Jaminan Produk Halal Melalui Sertifikasi Halal Pada Produk Pangan Olahan Salak," *Maro: Jurnal Ekonomi Syariah Dan Bisnis* 5, no. 2 (2022): 233–45.

<sup>3</sup> Rahayu Fitriana, "JAMINAN PRODUK HALAL DI INDONESIA TERHADAP KONSUMEN MUSLIM Fatimah," *Procedia Manufacturing* 1, no. 22 Jan (2014): 1–17.

<sup>4</sup> Aminah Nuriyah, Endri Endri, and Mukhamad Yasid, "Micro, Small-Financial Financing and Its Implications on the Profitability of Sharia Banks," *DeReMa (Development Research of Management): Jurnal Manajemen* 13, no. 2 (2018): 175, <https://doi.org/10.19166/derema.v13i2.1054>.

<sup>5</sup> Muhammad Rizky Taufiq Nur, Muhammad Anwar Fathoni, and Lili Puspita Sari, "The Impact of Awareness, Lifestyle and Halal Certification on The Buying Interests of MSME's Halal Food Products in DKI Jakarta," *El-Barka: Journal of Islamic Economics and Business* 4, no. 2 (2021): 156–89, <https://doi.org/10.21154/elbarka.v4i2.3207>.

<sup>6</sup> Sebastian Herman, "Industri Halal Dan Ekonomi Digital : Peluang Bisnis Dan Karir Di Masa Depan," *Tamkin Jurnal Pemberdayaan Tazkia* 1, no. 1 (2023): 30–40.

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certification labels in the industry, it is essential to provide a thorough explanation of all these variables to assess the level of interest and motivation among MSME actors in seeking halal product certification. This research distinguishes itself from previous studies in this respect.

Salam's study (2021) on the "Implementation of Halal Product Guarantee through Halal Certification on MSME Food and Beverage Products in Sampang Regency" found that there are various considerations that MSME actors face when applying for halal certification. One of the primary factors is cost constraint, which is a significant concern for some business actors. This has resulted in some MSME business actors prioritizing halal certification. The significant potential for MSME food and beverage products in the Sampang Regency to enhance the halal product ecosystem is regrettably underutilized. This research utilized a quantitative descriptive methodology, gathering data through interviews, observations, and documentation from multiple informants.<sup>7</sup>

Achmad Badarus Syamsi<sup>8</sup> conducted a study on "Response of Food Product MSMEs to the Implementation of Law Number 33 of 2014 concerning Halal Product Guarantee in Pamekasan Regency." A study conducted in Pamekasan Regency revealed that small and medium-sized enterprise (MSME) operators were generally unfamiliar with the mandatory halal certification requirement stipulated in Law Number 33 of 2014. The research, which employed a qualitative field approach including participant interviews, uncovered a persistent need for greater awareness and education on this topic. This was despite the existence of a complimentary halal certification program provided by local government agencies, including the Office of Industry and Trade, the Office of Cooperatives and MSMEs, and the Fisheries Service, aimed at assisting MSME operators in obtaining halal certification.

The research "Implementation of Halal Certification for Micro, Small, And Medium Enterprises In West Tulang Bawang District" by Febrimayanti utilized empirical legal research methods to find that a lack of community knowledge regarding the application procedures and technical requirements for halal certification, such as the necessary documentation and other technical aspects, is a major hindrance to its implementation in MSMEs.<sup>9</sup>

Furthermore, research conducted by Haslinda Hasan, et. al, entitled "Halal Certification Among SMEs in Kota Kinabalu, Sabah" employed a quantitative methodology, using a questionnaire as the primary data collection tool. The survey was administered to 42 small and medium enterprises (SMEs) chosen through purposive sampling. The findings indicate that micro, small, and medium enterprises (MSMEs) in Sabah generally recognize the beneficial effects of halal certification on their products. However, despite acknowledging

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<sup>7</sup> D Q Alva Salam and Ahmad Makhtum, "Implementasi Jaminan Produk Halal Melalui Sertifikasi Halal Pada Produk Makanan Dan Minuman Umkm Di Kabupaten Sampang," *Qawwam : The Leader's Writing* 3, no. 1 (2022): 10–20, <https://www.jurnalfuad.org/index.php/qawwam/article/view/110>.

<sup>8</sup> Achmad Badarus Syamsi, "Al Mushofi, M., and B. A. Syamsi. "Respon Umkm Produk Makanan Terhadap Implementasi Undang-Undang Nomor 33 Tahun 2014 Tentang Jaminan Produk Halal Di Kabupaten Pamekasan," *Kaffa: Jurnal Fakultas Keislaman* 2, no. 2 (2021).

<sup>9</sup> Febrimayanti Febrimayanti, "Implementation of Halal Certification for Micro, Small, And Medium Enterprises In West Tulang Bawang District," *Administrative and Environmental Law Review* 1, no. 2 (2020): 75–82, <https://doi.org/10.25041/aclr.v1i2.2148>.

these advantages, MSMEs face significant challenges in obtaining halal certification, primarily due to the financial burden and intricate nature of the certification process.<sup>10</sup>

A study conducted by Ida Giyanti et al., titled "Effect of SME Food Entrepreneurs Knowledge on Halal Certification for Certified Awareness using Partial Least Square," found that micro, small, and medium enterprises (MSMEs) have a strong understanding of halal practices and recognize the benefits of halal certification for their businesses. However, obtaining halal certifications remains a challenging process. The researchers used a quantitative approach, employing Structural Equation Model-Partial Least Squares (SEM-PLS) data analysis techniques to examine the relationship between perceived certification benefits (MNF) and small and medium enterprises' (SMEs) motivation to secure halal certification (NHL).<sup>11</sup>

Ramadhan and Gunanto,<sup>12</sup> conducted a study on the Decision on Halal Certification of Food and Beverage Products Processed by UMKM Products in Tangerang City, focusing on Religiosity, Regulation, and Branding. Their research utilized a quantitative approach, employing multiple linear regression to analyze how various independent factors (economic, religious, sociocultural, regulatory, and branding aspects) influenced the dependent variable: MSME actors' decisions to pursue halal certification. The study focused on a population of 100 MSMEs that had been granted complimentary halal certification in 2019 by the Office of Trade, Cooperatives, and MSEs of South Tangerang City. Using purposive sampling, the researchers selected a final sample of 80 MSMEs. To gather data, the study implemented a questionnaire-based method.

A study by Yunin Yunis Hamzah,<sup>13</sup> revealed a significant gap in understanding and awareness among Gorontalo City entrepreneurs regarding the significance of halal certification. This was demonstrated by the low number of MSMEs in Gorontalo that sought halal certification between 2018 and 2020, with only 17 businesses applying. The research employed an empirical legal methodology, which involved comparing written laws with actual practices observed in the field.

Research by Akim, et. al,<sup>14</sup> revealed that MSME operators in Jatinangors had limited awareness of halal certification requirements. The main obstacle identified was the expense associated with acquiring halal certification. This investigation employed a quantitative methodology, utilizing questionnaires, observations, and semi-structured interviews to assess food MSMEs in the Jatinangor area. The researchers selected their sample using the Slovin technique, resulting in a total of 112 participants for the study.

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<sup>10</sup> Haslinda Hasan, Rini Suryati Sulong, and Geoffrey Harvey Tanakinjal, "Halal Certification Among the SMEs in Kinabalu, Sabah," *Journal of Consumer Sciences* 5, no. 1 (2020): 16–28, <https://doi.org/10.29244/jcs.5.1.16-28>.

<sup>11</sup> Ida Giyanti and Erna Indriastiningsih, "Effect of SME Food Entrepreneurs Knowledge on Halal Certification for Certified Awareness Using Partial Least Square," *Jurnal Teknik Industri* 20, no. 2 (2019): 36, <https://doi.org/10.22219/jtiumm.vol20.no2.36-47>.

<sup>12</sup> Aulia Ramadhan and Edy Yusuf Agung Gunanto, "Decision on Halal Certification of Food and Beverage Products Processed by UMKM Products in Tangerang City - Study of Religiosity, Regulation, and Branding," *Jurnal Ilmiah Ekonomi Islam* 7, no. 2 (2021): 786–97, <https://doi.org/10.29040/jiei.v7i2.2490>.

<sup>13</sup> Yudin Hamzah Yunus, "Efektivitas UU Nomor 33 Tahun 2014 Tentang Jaminan Produk Halal (JPH) Terhadap Sadar Halal Para Pelaku UMKM Di Kota Gorontalo," *Ideas: Jurnal Pendidikan, Sosial, Dan Budaya* 7, no. 1 (2021): 47, <https://doi.org/10.32884/ideas.v7i1.326>.

<sup>14</sup> Akim - Akim et al., "Pemahaman Usaha Mikro, Kecil Dan Menengah (Umkm) Di Jatinangor Terhadap Kewajiban Sertifikasi Halal Pada Produk Makanan," *Kumawula: Jurnal Pengabdian Kepada Masyarakat* 1, no. 1 (2019): 31, <https://doi.org/10.24198/kumawula.v1i1.19258>.

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In a research project titled "Analysis of Readiness Toward Halal Certification in North Sumatra (A Case study in Food Manufacturer)," Dini Wahyuni employed a quantitative methodology. The study involved distributing a Macro-ergonomics Organizational Questionnaire Survey (MOQS) to four Micro, Small, and Medium Enterprises (MSMEs) in North Sumatra. These MSMEs were chosen through purposive sampling, based on 11 criteria established by the LPPOM MUI. The findings indicated that among the four sampled MSMEs, only one was prepared to pursue halal certification. The other three MSMEs needed to make additional improvements to satisfy the LPPOM MUI requirements.<sup>15</sup>

Conversely, the research conducted by Arifin et al, entitled "Small and Medium Enterprise Perception of Halal Certification Post Formalization of Islamic City Branding," employed a qualitative descriptive approach with snowball sampling methods. The study involved 60 participants from food MSMEs across three sub-districts. Results showed that 65% of respondents did not consider halal certificates essential, while 35% deemed them important. Additionally, this investigation uncovered various hurdles and difficulties in promoting halal lifestyles in Pasuruan and Madura.<sup>16</sup>

The research conducted by Farhan and Fajar, entitled "Effectiveness of Halal Certification Regulations for Jamu UMKM Actors in Bangkalan," revealed that two herbal drink UMKM participants, who served as informants in the study, were aware of the Indonesian law mandating halal certification for food ingredients. This awareness was attributed to a socialization program organized by the sub-district. Nevertheless, certain herbal MSMEs have not obtained halal certification due to various factors. The researchers employed a qualitative methodology, utilizing in-depth interviews during their field investigations.<sup>17</sup>

A quantitative research approach was utilized in a separate investigation conducted by Andini and Mahmud,<sup>18</sup> entitled "The Effect of Halal Awareness of Micro, Small and Medium Enterprises (MSMEs) in Pamijahan and Cibungbulang Bogor Regency on Motivation for Halal Certification." The researchers gathered data through surveys distributed to 80 participants. To analyze the collected information, the study employed simple linear regression techniques. The results of the research demonstrated that awareness of halal practices influences the drive to obtain halal certification.

A study by Hartomi Maulana, et.al,<sup>19</sup> examined the understanding of legal requirements among operators of Micro, Small and Medium Enterprises (MSME) regarding halal certification for their processed food products. The researchers employed a qualitative methodology, conducting interviews with representatives from the Gresik Regency

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<sup>15</sup> Dini Wahyuni, "Analysis of Readiness toward Halal Certification in Sumatera Utara ( A Case Study in Food Manufacturer )," no. 2015 (2021): 556–64.

<sup>16</sup> Nur Rachmat Arifin, Ridan Muhtadi, and Sri Herianingrum, "Small and Medium Enterprise Perception of Halal Certification Post Formalization of Islamic City Branding," *International Journal of Islamic Business Ethics* 4, no. 1 (2019): 601, <https://doi.org/10.30659/ijibe.4.1.601-610>.

<sup>17</sup> Mohammad Farhan and Fajar, "Efektifitas Peraturan Sertifikasi Halal Bagi Pelaku Umkm Jamu Di Bangkalan," *Qawwam : The Leaders Writing* 2, no. 2 (2021): 180–88, [https://www.academia.edu/34073629/pengaruh\\_pencantuman\\_label\\_halal\\_terha](https://www.academia.edu/34073629/pengaruh_pencantuman_label_halal_terha).

<sup>18</sup> S Andini and M Mahmud, "Pengaruh Kualitas Produk, Kualitas Pelayanan, Dan Promosi Terhadap Keputusan Pembelian Domino's Pizza Taman Galaxy," *Ikraith-Ekonomika* 5, no. 1 (2022): 291–99, <https://journals.upi-yai.ac.id/index.php/IKRAITH-EKONOMIKA/article/view/1806%0Ahttps://journals.upi-yai.ac.id/index.php/IKRAITH-EKONOMIKA/article/download/1806/1488>.

<sup>19</sup> Sultan Nanta and Setia Dien, "HALAL CERTIFICATION FOR MSEs IN INDONESIA : HOW BUSINESS DURATION DRIVES LEGAL" 13, no. 2 (2024): 607–35, <https://doi.org/10.22373/share.v13i2.22907>.

Cooperative and MSME Office, as well as local MSME operators in Gresik Regency. The findings revealed that multiple factors, including insufficient knowledge of legal requirements, affected the acquisition of halal certifications by MSME business operators.

**METHODOLOGY**

This research employed quantitative data, which Sugiyono (2010) in defines as information that can be directly measured or calculated and expressed numerically.<sup>20</sup> The study's primary data source was a questionnaire distributed to food MSME operators in Depok City. Sample selection utilized a random sampling technique, with the sample size determined based on guidelines from Hair et al. As noted by Andini and Mahmud,<sup>21</sup> the minimum sample size was calculated by multiplying the number of indicators by five, while the maximum was obtained by multiplying by 10. The final sample comprised 152 respondents. Data collection involved a Likert scale, and analysis was conducted using the Smart Partial Least Square application, which subsequently informed the study's conclusions.

**RESULT AND DISCUSSION**

**1. Outer Model Testing**  
**Convergent Validity Test**

The Convergent Validity Test evaluates how well each indicator relates to its corresponding latent variable. In Partial Least Squares (PLS) analysis, this test is conducted by examining the loading factor and average variance extracted (AVE) values. To be considered valid and capable of effectively explaining their latent variables, indicators should have both loading factor and AVE values exceeding 0.5<sup>22</sup>.

**Table 1 Outer Loading Results**

	<b>Halal Literacy</b>	<b>Religiosity</b>	<b>Legal Compliance</b>	<b>Motivation for Submitting Halal Certification</b>
KH1			0.591	
KH2			0.489	
KH3			0.563	
KH4			0.5	
KH5			0.584	
KH6			0.552	
KH7			0.611	
LH1	0.088			0.088
LH2	0.404			0.404
LH3	0.279			0.279
LH4	0.207			0.207
LH5	0.672			0.672

<sup>20</sup> Rizky Reza Pahlawan and Wasis Gunadi, "PENGARUH KUALITAS PELAYANAN DAN PROMOSI TERHADAP KEPUTUSAN PEMBELIAN NASABAH KSP ARTHA PUTRA MANDIRI, BEKASI," *Manajemen Sumber Daya Manusia(Teori,Konsep Dan Indikator)*. 2, no. 3 (2018): 188–97.

<sup>21</sup> Andini and Mahmud, "Pengaruh Kualitas Produk, Kualitas Pelayanan, Dan Promosi Terhadap Keputusan Pembelian Domino's Pizza Taman Galaxy."

<sup>22</sup> Muhammad Abdullah et al., "Strategi The Body Shop Indonesia Dalam Membentuk Loyalitas Konsumen," *Jurnal AKRAB JUARA* 7, no. 2 (2022): 221-23-.

	<b>Halal Literacy</b>	<b>Religiosity</b>	<b>Legal Compliance</b>	<b>Motivation for Submitting Halal Certification</b>
LH6	0.665			0.665
LH7	0.476			0.476
LH8	0.427			0.427
LH9	0.414			0.414
LH10	0.337			0.337
LH11	0.774			0.774
LH12	0.794			0.794
MT1				
MT2				
MT3				
MT4				
MT5				
MT6				
MT7				
MT8				
MT9				
MT10				
R1		0.335		
R2		0.35		
R3		0.346		
R4		0.392		
R5		0.475		
R6		0.275		
R7		0.218		
R8		0.713		
R9		0.601		
R10		0.781		
R11		0.187		

Source: Processed data

The above table indicates that some statements are still not valid, and there are indicators with an outer loading value below 0.5. These indicators included KH2, KH4, LH1, LH2, LH3, LH4, LH7, LH8, LH9, LH10, MT2, MT4, MT7, MT9, R1, R2, R3, R4, R6, R7, and R11. For the data analysis to be valid, researchers eliminated these indicators. Following this elimination, several indicators still had outer loading values below 0.5, indicating invalid data. Therefore, adjustments were made by eliminating statements with the lowest outer loading values, namely R5, KH6, KH5, and MT3, MT10. The adjusted indicators are shown in figure below.

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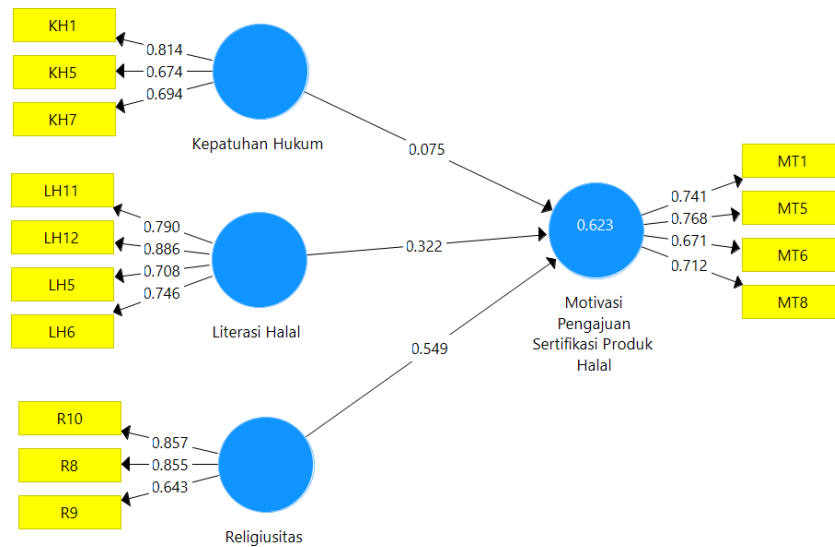


Figure 1 PLS analysis results  
Source: Processed data

Figure 1 shows that all the variable indicators met the data validity level, with values above 0.5.

**Discriminant Validity Test**

As per Ghozali (2015), the discriminant validity test employs the indicator reflection method and is assessed through cross-loading with the construct, or by comparing the AVE root value. Indicators are considered valid if their cross-loading value is greater than 0.5, and the AVE root value is greater than the correlation between the indicators and constructs <sup>23</sup>.

**Table 2 Average Variance Extracted Value**

Variable	Average Variance Extracted
Motivation for Submitting Halal Certification	0.524
Halal Literacy	0.616
Religiosity	0.626
Legal Compliance	0.533

Source: Processed data

Table 2 demonstrates that all variables showed discriminant validity, with their AVE values surpassing 0.5. Variable X2, representing religiosity, displayed the highest AVE value at 0.626. In contrast, Variable Y, which denotes the motivation for obtaining halal certification, had the lowest AVE value at 0.524.

**Composite Reliability Test**

<sup>23</sup> Dwi Junianto and Joko Sabtohadhi, “Pengaruh Sistem Perjanjian Kerja Waktu Tertentu Dan Motivasi Kerja Terhadap Kinerja Karyawan Pada Industri Pabrik Gula,” *Equilibrium : Jurnal Ilmiah Ekonomi, Manajemen Dan Akuntansi* 9, no. 1 (2020): 1–9, <https://doi.org/10.35906/je001.v9i1.423>.



To evaluate the reliability of PLS, researchers examined both Cronbach's Alpha and Composite Reliability values. Cronbach's alpha was used as the lower limit for measuring reliability, with a value of  $\geq 0.5$  considered acceptable <sup>24</sup>. On the other hand, Composite Reliability, which should be greater than or equal to 0.7, was employed to assess the construct's true value.

**Table 3 Reliability Test**

Variable	Cronbach's Alpha	Composite Reliability
<b>Motivation for Submitting Halal Certification</b>	0.697	0.814
<b>Halal Literacy</b>	0.789	0.865
<b>Religiosity</b>	0.697	0.832
<b>Legal Compliance</b>	0.565	0.773

Source: Processed data

As shown in Table 3, all variables met the reliability test criteria, with each variable achieving a Cronbach's alpha value of 0.5 or higher, indicating a very high level of reliability. Furthermore, the composite reliability scores for all variables exceeded the required threshold of 0.7. Among the variables, halal literacy exhibited the highest reliability, with a composite reliability score of 0.865. In contrast, legal compliance had the lowest reliability, though still acceptable, with a score of 0.773.

**2.**

**Inner Model Test**

**R-Square Test**

The R-square test is utilized to assess how constructs or latent variables influence independent variables, as shown by shifts in the R-square value, which denotes the effect's importance. According to Ghazali (2015:81), the evaluation standards state that an R-square value of 0.75 indicates a robust model, 0.5 represents a moderate model, and 0.25 suggests a weak model.

**Table 4 R-Square Test**

	R Square	R Square Adjusted
<b>Motivation for Submitting Halal Certification</b>	0.623	0.615

Source: Processed data

The results shown in Table 4 reveal an adjusted R-squared value of 0.615 for this research. This suggests that the independent variables - halal literacy, religiosity, and legal compliance - explain roughly 61.5% of the variance in the motivation to acquire halal certification, which serves as the dependent variable. The remaining 38.5% of the variance can be attributed to factors not included in this study, such as cost and needs. The 61.5% figure falls within the moderate range.

<sup>24</sup> Irwan and Khaeryna Adam, "Metode Partial Least Square (PLS) Dan Terapannya (Studi Kasus: Analisis Kepuasan Pelanggan Terhadap Layanan PDAM Unit Camming Kab. Bone)," *Jurnal Teknosains* 9, no. 1 (2015): 53–68.

**Predictive Relevance Test**

The predictive relevance of a model can be determined using the Q-square test. A Q-square value greater than 0 indicates that the model possesses predictive relevance. On the other hand, a Q-squared value less than 0 suggests that the model lacks predictive relevance. The Q-squared value is determined using the following calculation:

$$Q^2 = 1 - (1-R^2)$$

$$Q^2 = 1 - (1-0,615)$$

$$Q^2 = 1 - (0,398)$$

$$Q^2 = 0,615$$

The results of the Q-square analysis revealed a value of 0.615. Because this number falls within the range of  $0 < 0.615 < 1$ , it is considered acceptable. In accordance with the principles of the Q-square calculation, a value closer to 1 is preferable. Given the results of the present study, it can be concluded that the Q-square is of high quality, as the obtained value is almost equal to 1.

**Hypothesis Test**

The statistical analysis involved evaluating the reference prob.sig value to perform the hypothesis test. When the prob.sig value exceeds 0.05, researchers accept the null hypothesis (H0) and reject the alternative hypothesis (H1). In contrast, a prob.sig value below 0.05 leads to the acceptance of the alternative hypothesis (H1) and the rejection of the null hypothesis (H0). Furthermore, the t-table calculation takes into account the sample size of 152 respondents and employs a 5% (0.05) significance level, yielding a value of 1.975.

**Table 5 Hypothesis Testing**

	Original Sample (O)	T Statistics ( O/STDEV )	P Values
Halal Literacy -> Motivation for Submitting Halal Certification	0.322	4.986	0.000
Religiosity -> Motivation for Submitting Halal Certification	0.549	8.691	0.000
Legal Compliance -> Motivation for Submitting Halal Certification	0.075	1.488	0.137

Source: Processed data

The findings presented in Table 5 reveal that halal literacy exerts a positive influence of 32.2% (0.322) on the motivation to seek halal product certification. Moreover, religiosity demonstrates a substantial positive impact of 54.9% (0.549) on the same motivational factor. In contrast, the legal compliance variable shows a comparatively smaller effect of 0.75% (0.075) on the motivation to pursue halal product certification.

The researchers employed t-statistic values, t-tables, and p-values to evaluate the hypothesis. In Table 5, the halal literacy variable's t-statistic of 4.986 exceeds the t-table value of 1.975. Additionally, the halal literacy variable's p-value of 0.000 falls below the 0.05 or 5% significance thresholds. These findings support the acceptance of H1 and the rejection of H0,

suggesting that halal literacy significantly impacts the motivation for seeking halal product certification.

The religiosity variable demonstrates a t-statistic of 8.691, exceeding the t-table value, with a p-value of 0.000, which falls below the 0.05 significance threshold. These results support the acceptance of H1 and the rejection of H0. This finding indicates that religiosity exerts a significant impact on the dependent variable, specifically the motivation to seek halal product certification.

Legal compliance, the final variable examined, yielded a t-statistic of 1.488. This value falls below the t-table threshold of 1.975, while the corresponding p-value of 0.134 exceeds the 0.05 significance level. As a result, we accept the null hypothesis (H0), which posits that legal compliance does not significantly influence the motivation to obtain halal product certification. Conversely, we reject the alternative hypothesis (H1).

### **The Effect of Halal Literacy on Motivation to Apply for Halal Product Certification**

The initial value for the halal-literacy variable was measured at 0.322. With a t-statistic of 4.986, exceeding the t-table value of 1.975, and a p-value of 0.000, which falls below the 0.05 significance threshold, H1 is accepted. This indicates that halal literacy positively impacts the motivation to seek halal product certifications. This outcome aligns with Akim, et.al research,<sup>25</sup> which demonstrated that MSME operators' knowledge influences their pursuit of halal certification. Their study revealed a relative lack of awareness among MSME operators in Jatinangor. A primary factor deterring MSME operators from obtaining halal certification is their perception of high application costs. Additional research by Yunus,<sup>26</sup> Febriyanti,<sup>27</sup> and Al Mushofi and Syamsi has shown that MSME operators across various Indonesian regions possess limited understanding of halal certification's importance, despite the government's provision of free certification quotas for MSME operators.<sup>28</sup>

This can also be attributed to the low number of MSMEs in Depok City that have been halal-certified to date, which has been proven to be one of the factors causing this. This analysis illustrates that information regarding the obligations and requirements for applying for halal product certification has not been evenly conveyed to all the MSME actors. Likewise, information regarding free halal certification programs for MSMEs and their goals and benefits can greatly support the acceleration of halal certification. However, if information about a program is not widely conveyed, the program's original purpose may be hindered.

Due to the digital nature of the halal certification program for MSME players or SEHATI, a significant number of MSME players remain non-technology-literate, hindering the dissemination of information and making it challenging for businesses to obtain halal certification. To address this issue, it is essential for the government to increase awareness and understanding of the policy in order to align Indonesia's goals of becoming a global halal center with its existing policies and objectives. Farhan and Fajar (2021) suggest that socialization and coaching activities can help enhance MSMEs' knowledge of halal

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<sup>25</sup> Akim et al., "Pemahaman Usaha Mikro, Kecil Dan Menengah (Umkm) Di Jatinangor Terhadap Kewajiban Sertifikasi Halal Pada Produk Makanan."

<sup>26</sup> Yunus, "Efektivitas UU Nomor 33 Tahun 2014 Tentang Jaminan Produk Halal (JPH) Terhadap Sadar Halal Para Pelaku UMKM Di Kota Gorontalo."

<sup>27</sup> Febriyanti, "Implementation of Halal Certification for Micro, Small, And Medium Enterprises In West Tulang Bawang District."

<sup>28</sup> Syamsi, "Al Mushofi, M., and B. A. Syamsi. "Respon Umkm Produk Makanan Terhadap Implementasi Undang-Undang Nomor 33 Tahun 2014 Tentang Jaminan Produk Halal Di Kabupaten Pamekasan."

certification obligations. Local governments can provide specialized support to MSMEs seeking halal certification by surveying the situation in the field regularly and evenly.

Additionally, it is crucial for MSME players to increase their awareness and knowledge of business practice regulations, particularly the mandatory halal product certification regulations. This will help the government and increase the confidence of most Muslim communities in Indonesia in consuming these products.

### **The Effect of Religiosity on Motivation to Apply for Halal Product Certification**

The initial sample value for the religiosity variable was 0.549. The variable's t-statistic of 8.691 exceeded the t-table value of 1.975. Furthermore, the p-value for the religiosity variable was 0.000, falling below the 0.05 significance threshold. These results support the acceptance of H1, demonstrating that religiosity exerts a positive effect on the motivation to seek halal product certification.

This study's findings on the impact of religiosity on the dependent variable are consistent with prior research by Romadhan and Gunanto,<sup>29</sup> which demonstrated a positive correlation between religiosity and halal certification decisions among MSMEs. This relationship can be attributed to the increased knowledge of MSME operators, which enhances their compliance with halal certification requirements. As MSME owners become more familiar with Islamic religious principles, they are more inclined to pursue halal certification. Furthermore, the questionnaire results reveal a relatively high average religiosity level among respondents, which corresponds to the majority's existing motivation to obtain halal certification.

The analysis suggests that during the Covid-19 pandemic, there was an uptick in religious devotion among the predominantly Muslim Indonesian population, known for their high levels of religiosity<sup>30</sup>. Simultaneously, there was a rise in halal certifications for Micro, Small, and Medium Enterprises (MSMEs), as reported by the BPJPH on the Ministry of Religion's go.id website. By November 5, 2021, out of 31,529 business entities, 76% were classified as Micro and Small Enterprises (Ministry of Religion, 2021). While this number still has room for growth compared to the total MSME count in Indonesia, it indicates that an individual's religious commitment can drive their adherence to obtaining halal certification as a Muslim business owner.

### **The Effect of Legal Compliance on Motivation to Apply for Halal Product Certification**

The initial sample value for the legal compliance variable was 0.075. This variable's t-statistic was calculated at 1.488, which falls below the t-table value of 1.975. Additionally, the legal compliance variable exhibited a p-value of 0.137, exceeding the established significance level of 0.05. These findings support the acceptance of the null hypothesis (H0), suggesting that the legal compliance variable does not exert a significant influence on the dependent variable, specifically the motivation for seeking halal product certifications.

This study's findings regarding the impact of legal compliance on the dependent variable contradict previous research by Faizi, et.al,<sup>31</sup>. These earlier studies identified several

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<sup>29</sup> Ramadhan and Gunanto, "Decision on Halal Certification of Food and Beverage Products Processed by UMKM Products in Tangerang City - Study of Religiosity, Regulation, and Branding."

<sup>30</sup> M. Arief Effendi, "Survei Kemenag: Religiusitas Masyarakat Meningkatkan Di Masa Pandemi," Kemenag, 2021, <https://kemenag.go.id/read/survei-kemenag-religiusitas-masyarakat-meningkat-di-masa-pandemi>.

<sup>31</sup> Zikry Ramadhan, "DETERMINANTS OF PURCHASE DECISION ON HALAL PRODUCT : THE MEDIATING EFFECT OF HALAL CERTIFICATION," *Jurnal Ilmu Ekonomi Dan Bisnis Islam* 5, no. 2 (2023).

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indicators of legal compliance that directly influenced halal certification acquisition among MSME operators in Gresik Regency and Tangerang City. In contrast, the current research indicates that for MSME actors in Depok City, legal compliance is not a crucial factor in seeking halal certifications.

The survey findings indicate that while most Indonesian business owners recognize the importance of regulatory compliance, especially concerning business licenses, they often fail to obtain or apply for halal certificates for their enterprises. This situation exists despite various factors that should motivate small and medium-sized enterprises (MSME) to swiftly secure halal product certification. Law No. 33 of 2014 outlines penalties for failing to meet halal certification requirements, which include written warnings and monetary penalties.<sup>32</sup>

Halal certification requirements are among the regulations that govern business operations. The authorities should stress the importance for micro, small, and medium enterprises (MSMEs) to obtain halal certification for their ventures. This strategy is consistent with the concepts presented in William Dunn's "Public Policy Analysis: An Integrated Approach" (2018), which suggests that a policy can be deemed effective if it addresses the requirements of specific groups. The extent of public participation in the policy is essential for assessing whether the policy goals are achieved.

## **CONCLUSION**

Based on the analysis and discussion that have been conducted, it can be concluded that there are two independent variables that affect the motivation to apply for halal product certification among food business actors in Depok: halal literacy and religiosity. Halal literacy has a considerable influence on motivation to apply for halal product certification. The results of the questionnaire indicate uneven information regarding the regulation of halal product obligations among food MSMEs in Depok City. The lack of information regarding the obligation of halal certification and the complete requirements in applying for halal certification causes many MSME players to not apply for halal certification due to their lack of knowledge about the requirements and regulations. Furthermore, the religiosity variable also has an impact on the motivation to apply for halal product certification, because including halal labels or certification in MSME business practices is a form of Muslim compliance to ensure the haleness of products sold, especially to Muslim consumers in Indonesia. The legal compliance factor has no impact because most small and medium-sized enterprise (MSME) operators do not view it as a crucial element when seeking halal certification. This is due to a lack of uniform understanding regarding the mandatory nature of obtaining halal certification as stipulated in Law No. 33 of 2014, which addresses halal product guarantees. This legislation clearly states that applying for halal certification is compulsory, obligatory, and not optional.

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<sup>32</sup> (dpr.go.id, 2014)

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