

# Perception of Thai Entrepreneurs toward Halal Certification

## มุมมองของผู้ประกอบการไทยต่อการรับรองมาตรฐานฮาลาล

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### Abstract

This study aims at exploring Thai entrepreneurs' knowledge about halal business, comparing the expected benefits and actual benefits the entrepreneurs received from halal certification, and studying the entrepreneurs' opinion on the application process for halal certification.

The research design is the qualitative research using in-depth interviews. The key respondents comprised 39 entrepreneurs from 4 business areas: food & beverage, cosmetics, pharmaceuticals, & herbal products, restaurants, and tourism/hotel/hospitals/spa, and was categorized into 3 groups: those who got the halal certificates (17 persons), those who are in the application process (6 persons), and those who stated their intention not to apply (14 persons) who are mostly SMEs.

The findings revealed that the entrepreneurs who got the halal certificate and who are in the application process confirmed the significance of halal certification to their business. They expected sales and profit growth, or opportunity for exportation from halal certification, and they actually received consumers' reliability in product quality, trust among Muslim consumers, and market expansion to prospective Muslim customers both domestically and internationally. Some entrepreneurs indicated their positive opinion towards the application process for halal certification, while the others stated the otherwise. They also reported problems about relatively high application costs/fees, too-short validation period of halal certification mark, and non-acceptance of Thai halal certification mark by other countries.

**Keywords:** Halal Certification, Thai Entrepreneurs, Halal Application Process

### บทคัดย่อ

งานวิจัยนี้มีวัตถุประสงค์เพื่อศึกษาความรู้ของผู้ประกอบการไทยเกี่ยวกับธุรกิจฮาลาล เปรียบเทียบผลประโยชน์ที่คาดหวังกับผลประโยชน์ที่ผู้ประกอบการได้รับจริงจากการรับรองมาตรฐานฮาลาล และสำรวจความคิดเห็นของผู้ประกอบการเกี่ยวกับกระบวนการยื่นขอการรับรองฮาลาล

แบบแผนการวิจัย คือ การวิจัยเชิงคุณภาพโดยใช้การสัมภาษณ์เชิงลึกผู้ประกอบการจำนวน 39 คน จากธุรกิจ 4 ประเภท คือ อาหารและเครื่องดื่ม เครื่องสำอาง/เวชภัณฑ์/สมุนไพร ร้านอาหาร และการท่องเที่ยว/

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โรงแรม/สถานพยาบาล/สปา โดยแบ่งผู้ให้ข้อมูลเป็น 3 กลุ่ม คือ ผู้ที่ได้รับการรับรองฮาลาลแล้ว (17 คน) ผู้ที่กำลังยื่นขอการรับรอง (6 คน) และผู้ที่ไม่ได้ยื่นขอการรับรอง (14 คน) ซึ่งส่วนใหญ่เป็นธุรกิจขนาดกลาง และขนาดย่อม

ผลวิจัยพบว่า ผู้ประกอบการที่ได้รับการรับรองฮาลาลแล้วและผู้ที่กำลังยื่นขอการรับรองเห็นว่าการรับรองฮาลาลมีความสำคัญต่อธุรกิจ ในด้านผลประโยชน์ ผู้ประกอบการคาดหวังยอดขายและกำไรที่เพิ่มขึ้น รวมถึงโอกาสในการส่งสินค้าไปขายยังต่างประเทศ ทั้งนี้ ผลประโยชน์จริงที่ได้รับจากการรับรองฮาลาล คือ ความเชื่อมั่นในคุณภาพสินค้า ความไว้วางใจจากลูกค้ามุสลิม และการขยายตลาดไปยังลูกค้ามุสลิมในอนาคตทั้งในและนอกประเทศ ผู้ประกอบการบางส่วนมีความคิดเห็นเชิงบวกกับกระบวนการขอการรับรองฮาลาล ทั้งนี้ ปัญหาและอุปสรรคที่เกี่ยวข้อง ได้แก่ ค่าธรรมเนียมและค่าใช้จ่ายที่ค่อนข้างสูง ระยะเวลาการรับรองที่สั้นเกินไป และการไม่ยอมรับตราฮาลาลไทยของต่างประเทศ

**คำสำคัญ:** การรับรองฮาลาล ผู้ประกอบการไทย กระบวนการยื่นขอการรับรองฮาลาล

## Introduction

In 2015, the financial value of halal food products all over the world rose to over 1.1 trillion US dollars, with Brazil securing the highest market share (12%), followed by the United States (8%), India (6%), France (5%), and China (5%) (Managing editor, 2015). The increasing demand of halal food products stems primarily from the high number of Muslim populations of 1.8 billion or approximately one-fourth (23%) of the world population. The figure was expected to reach 1.9 billion or 25% in 2020, and 2.2 billion or 26.4% in 2030 (PeW Research, HDC and Ernst & Young Analysis, 2014, cited in Wanwijak, 2015).

Halal was defined as what is permissible by Islamic law, and that covers not only foods but also the ways of life of all Muslims, including the manufacturing processes of every product and service to be consumed by the Muslims, as well as the distributive and logistics processes that abide with the Islamic law. Haram, on the other hand, signifies what is forbidden by the Islamic law, due to its impurity, toxic ingredients, and harmful elements to life and environments (Ruzeviciute & Ruzevicius, 2011).

Approximately 62% of Muslims reside in South and Southeast Asia, with Indonesia having the highest number of Muslim population (210 million) (National Food Institute, 2015), followed by Pakistan (174 million), India (161 Million), Bangladesh (145 million), Iran (73.7 million), Turkey (73.6 million), and China (2.2 million) (Cover Story, 2014). This growing number of Muslim population in ASEAN would serve as a great opportunity for Thailand to expand her halal products to the Muslim consumers in ASEAN.

Halal industry contributed tremendously to the economy and business of Thailand and her exportation of halal products to the Muslim consumers in the overseas markets (Yolao, 2015). This is due to the increasing number of Muslims in Thailand and all over the world, and the rising demands of halal products from non-Muslim consumers as well (Ruzevicius, 2012). Therefore, securing the halal certification will definitely generate an opportunity for Thai entrepreneurs to expand their products to a broader market of both Muslims and non-Muslims domestically and internationally.

The market share of halal food of Thailand was currently ranked number 6, or 4% of the global halal food products. In 2014, the export value of Thai halal food was 5,800 million US dollars, and increased to 6,100 million US dollars in 2015. Major markets to which Thailand launched her products are various, ranging from Indonesia in ASEAN to Nigeria in Africa, Oman and Iran in the Middle-east, the United States of America, and some countries in Europe. The exported products included, for example, canned and processed seafood, frozen shrimps, Tuna in vegetable oil and saltwater, rice and rice-related products, fruits & vegetables, processed chicken meat, and spice and seasonal products (Khasuwan, 2010).

National Food Institute (2015) identified the potentiality of Thailand as a major halal food producer, due to various and adequate quality raw materials, the quality manufacturing process approved by major international health standards (e.g. ISO), active centralized Muslim organization (CICOT) and its provincial Islamic councils, and supports from the government.

The current government agreed upon appointing a committee to promote and develop the potentiality of Thai halal industry in 2014, and had a strategy established to promote the potentiality in halal standardization and certification, halal product and service production, and the expansion of halal products to international markets. The said strategy also sought to support halal science development to strengthen the halal industry of Thailand (Yolao, 2015).

Halal industry is not limited to food-related products, but covers all products and services to be consumed and used by the Muslims, including the manufacturing, logistics, and distributing processes that bring halal “from

farm to dining table” (Jabatan Kemajuan Islam Malaysia—JAKIM, 2015). In this aspect, the Office of Industry Promotion categorized halal products into 8 groups: food & beverage, textiles & clothing, cosmetics & pharmaceuticals, herbal products, restaurants, tourism business & hotels, hospitals, and spa (Office of Industry Promotion, Ministry of Industry, 2016). However, halal industry also expands to finance business (Hanzaee & Ramezani, 2011). Golnaz, Zainalabidin, Mad Nasir, and Chiew’s (2010) study indicated that even the non-Muslim consumers perceived that halal contribution is extended to signify environmental health, sustainability and food safety.

To apply for a halal certificate, a firm has to submit the application form and documents to the Central Islamic Council of Thailand (CICOT), or the related provincial Islamic councils. It should be self-prepared for 2-4 months in advance, since it needs to set a halal team, makes all employees aware of and understand halal contribution to organizational benefits, and coordinates with the CICOT staff to hold training programs for its personnel. A separate production procedure and related facilities must also be established, together with securing the halal-certified raw materials (Tongkumchoom, 2006). The certificate has to be renewed every year.

The Export Promotion Office reported only 10% of Thai food exporters received a halal certificate. This is due to relatively high costs involved in getting a firm ready to apply for halal certificate from CICOT, lack of proper understanding of halal markets, and CICOT’s time-consuming process of issuing the certificate for the business. Moreover, Thai entrepreneurs still lack in-depth knowledge and understanding about halal principles as involved in business,

market needs of halal products, and other countries' import regulations of halal products (Khasuwan, 2010).

SMEs is the business group that applied the least for halal certificate, since it generally has limited resources in terms of budget and staffs, their product distribution is domestically-oriented, and halal certification is not required from their products. However, some SMEs that applied for halal certification indicated the potentiality of brand extension to global recognition, and market expansion to reach Muslim consumers. The SME businesses that received the halal certificate include, for example, food products (canned fish, chili paste, instant bird's nest drink), cosmetics (oil lip balm, scrub products), and 4-star hotels (Nouvo City Hotel, Tharahtip Hotel, and Romena Grand Hotel) (Managing editor, 2015).

This research aims at exploring Thai entrepreneurs' knowledge regarding the halal product business. As stipulated in the CICOT regulations for halal business management B.E. 2558, the halal certification presently focused on food, or food-related aspects (e.g. halal kitchen) in other premises. The researchers thus categorized the halal products into 4 businesses: food & beverage; cosmetics, pharmaceuticals, & herbal products; restaurants; and tourism/hotel/hospitals/spa. The entrepreneurs in this study are categorized into 3 groups: those who got the halal certification, those who are in the application process, and those who submit no application whatsoever.

### Objectives of Study

1. To explore Thai entrepreneurs' knowledge about halal business. The issues to be explored in this aspect include the following:

- 1.1 Knowledge of halal certification significance in business
- 1.2 Knowledge of halal market in the related industry
- 1.3 Knowledge of halal standard & definition
- 1.4 Knowledge of government's efforts in promoting halal products and services among Thai entrepreneurs
- 1.5 Knowledge of steps in applying for halal certification

2. To compare the expected benefits and actual benefits the entrepreneurs received from halal certification,

3. To study the entrepreneurs' opinion on the application process for halal certification, including steps, costs, validation period of halal certification mark, and how to improve the procedure to efficiently facilitate the application process.

### Literature Review

This section consists of the literature review on significance of halal certification, and perception of entrepreneurs toward halal certification process.

#### Significance of halal certification

Halal certification is one type of quality assurance standardization, aiming particularly at determining the operational regulations in accordance with Islamic principles. In other words, halal certification is considered by the society and consumer organizations as the quality culture and quality value orientations of business practices. Halal certification also reflects the operation of halal products that is responsive to the standard and ethical control of Islamic law (Ruzevicius, 2012)

Halal certification mark signifies the investigation in accordance with the Islamic Dietary Laws; that is, no forbidden substances (najis), and assurance of product hygiene and safety. Forbidden materials in Islam are pork, alcohol, and alcohol-related products. Halal regulations are extended to cover not only food products, cosmetics, perfumeries, or hygiene products, but also the logistics process of product transportation and distribution (Dube, Hongxia, Haijuan, & Lijun, 2016). The halal regulations are also extended to other industries, e.g. Islamic bank, securities and investments, tourism, supply chains, catering, education, and others (Ruzevicius, 2012). In addition, halal certification of foods in non-Muslim countries (e.g. Australia) is a symbol of social integration, political engagement, and social inclusion of the Muslim population in that particular country (Voloder, 2015).

Shafie and Othman (n.d.) proposed that halal certification should involve three parties: the government, the consumers, and the entrepreneurs. The government should employ the tax measures to promote the application for halal certificate mark, provide fast and efficient certification process, and monitor for fake or non-valid halal marks. The consumers should demand the presentation of a halal label/mark on product package, to assure the approval according to Islamic regulations.

As for the entrepreneurs, they should develop a positive perception towards halal certification, that it does not add costs to the business, but signifies the assurance of compliance with halal requirements in terms of raw material input and processing, storage, and transportation. The halal certified products, in this case, will increase the business opportunity to reach the Muslim consumers in the global market.

### **Situation of halal certification in industry**

In food industry, halal certification mark signifies safety, health, quality, hygiene, and exotic, as perceived by the non-Muslim consumers (Muhammad, Isa, & Kifli, 2009). Some big corporations and airlines, e.g. McDonald's, Nestle, Unilever, have launched the halal food product to serve Muslim consumers' needs. Approximately 80% of food products are produced in non-Muslim countries; for example, France exported up to 75% of halal certified chicken meats (Ruzeviciute & Ruzevicius, 2011).

The Halal Development Corporation (HDC) of Malaysia has supported the establishment of the agricultural eco-system as part of the halal agricultural value food chain, to assure the halal holistic process from production to consumers (Rajagopal, Ramanan, Visvanathan, & Satapathy, 2011). Halal certification also extends to food additives (e.g. stabilizers, food coloring) and substances (e.g. emulsifiers, gelatin, enzyme), since its haram (forbidden) ingredients, if any, may raise questions about violating halal regulations (Majid, Abidin, Majd, & Chik, 2015).

In Thailand, the Ministry of Tourism and Sports, along with CICOT, has initiated since 2007 the standards for halal food & lodging services for tourism, with the latest standard of TTS-S-305-R02 (Department of Tourism, Ministry of Tourism and Sports, 2012). The purpose of the said standards is for restaurants and hotels to provide halal-certified foods for Muslim tourists, with hygienic quality and safety, and responsibility for society, community, and environment.

As for halal cosmetics and pharmaceutical products, it was estimated to be a multi-million dollar business shortly, due to an increasing demand of halal cosmetics from the world market among both Muslim and non-Muslim

consumers. The latter group concerned mostly about the quality of halal cosmetics which are basically made of natural ingredients, with no animal testing and free from alcohol and haram (Rajagopal, Ramanan, Visvanathan, & Satapathy, 2011). In this case, drugs and medical supplies, to comply with halal regulations, must also be prepared and made from Islamic-permissible animals, plants, organic or non-organic substances (Khan & Shaharuddin, 2015)

Another halal industry is halal tourism to provide Islamic-compliance services to be responsive to Muslim tourists, covering various businesses, e.g. hotels, transportation, restaurants, recreation, and entertainment. A praying room must be made available throughout the trip and in the hotels, with qiblat direction, prayer mats, and facilities for self-cleaning before praying (Razzaq, Hall & Prayag, 2016). Moreover, no alcoholic drinks should be served, and swimming pool separated between males and females (CoverStory, 2014).

At present, both Muslim and non-Muslim countries are putting efforts in providing tourism services to the Middle-east tourists (Razzaq, Hall & Prayag, 2016). New Zealand, for example, positioned herself since late 1990s as the destination for Muslim tourists, focusing on her role as a major exporter of halal meats, an increasing number of Muslim population and Muslim tourists from the Middle-east, India, Indonesia, and Malaysia (Tourism New Zealand, 2014; cited in Razzaq, Hall & Prayag, 2016). Moreover, Singapore presented the country image as “Muslim-friendly,” focusing on her harmonious multiculturalism by separating hotels with halal-certified & alcohol-free restaurants from the halal-certified ones but serving alcohol (Henderson, 2016). In this case, Shariah Compliant Hotel or Halal Hotel has

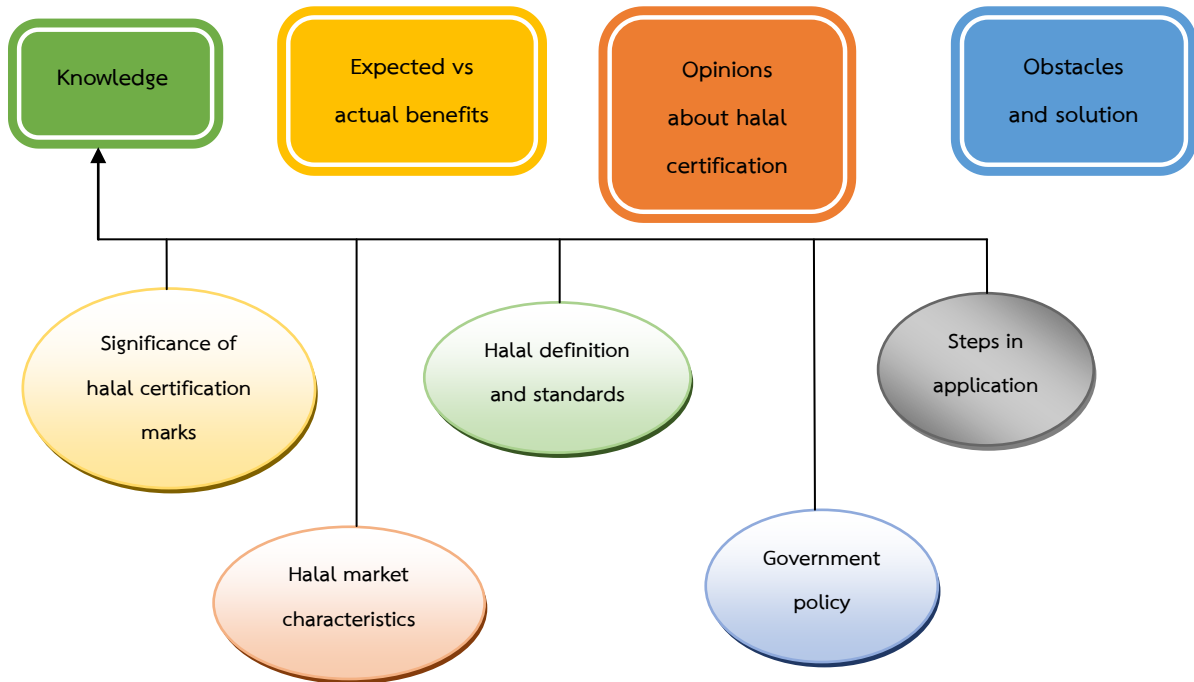
been put forth in Malaysia to cover both the supply and demand sides of tourism services under the permission of Islamic regulations (Samori & Sabtu, 2014).

#### **Perception of entrepreneurs toward halal certification process**

The entrepreneurs in various countries agreeably perceived that halal certification provides benefits to the business regarding sales growth (Henderson, 2016), exportation to Muslim consumers in overseas markets (Dube, Hongxia, Haijuan, & Lijun, 2016), differentiating the products from those of competitors (Rajagopal, Ramanan, Visvanathan, & Satapathy, 2011), acquiring more market shares (Abdul, 2014), and stimulating consumers; confidence, trust, and satisfaction (Abdul, Ismail, Mustapha, & Kusuma, 2013; and Abdul, 2014).

According to Abdul (2014), Thai SME entrepreneurs perceived that halal certification provided tremendous benefits to their business, increased the competitive edge, and stimulated consumers’ confidence. However, they had negative perception towards the roles of government, as well as private, and religious organizations in distributing information about halal industry hub of Thailand.

Abdul, Ismail, Mustapha, and Kusuma (2013) studied Indonesian SMEs’ perception towards halal certification of food products. They revealed that the entrepreneurs who got the halal certification mark and who had intention to apply for one reported a more positive perception toward halal certification, than those who received no halal mark and who had no intention to apply. They also emphasized the government’s roles in supporting the export promotion policy, developing halal certification standards, and enhancing the opportunity to export halal products.



**Figure 1** Conceptual Model

### Methodology

The research design is the qualitative research using in-depth interviews. The key respondents comprised 39 entrepreneurs from the aforesaid 4 business areas, and was categorized further

into 3 groups: those who got the halal certificates (17 persons), those who are in the application process (6 persons), and those who stated their intention not to apply (14 persons).

**Table 1** Number of Key Respondents in Each Product Category Categorized into 3 Groups

| Business area                                   | Certified | Applying | No apply | total |
|---|-----------|----------|----------|-------|
| Food & Beverage                                 | 9         | -        | 5        | 14    |
| Restaurants                                     | 4         | 4        | 4        | 12    |
| Spa tourism hotels and hospitals                | 2         | 2        | 4        | 8     |
| Pharmaceuticals, cosmetics, and herbal products | 3         | -        | 2        | 5     |
| Total   | 17        | 6        | 14       | 39    |

The respondents were selected purposively and voluntarily; they had to be the business owner, or assigned to run the halal section in their business, and willing to participate in the interview. Their business types ranged from small & medium enterprises, full-scale private

firms, government-run organizations, and 3-4 star hotels.

Interview issues covered the entrepreneurs' demographic and business information, knowledge about halal business, expected benefits of and actual benefits received from halal certification



mark, as well as problems and obstacles in applying for halal certificate. A list of questions was formulated in accordance with the said issues, and was used to interview the aforesaid 3 groups of key respondents.

However, as for the entrepreneurs who did not apply for halal certification, a question was added to ask about their reason for not applying. Other questions included their knowledge about halal in their business, perceived expectation of benefits to be received from halal certification, perceived problems and obstacles in halal application process, and opportunity to apply for halal certified mark in the future.

The list of questions used in the in-depth interview was tested for content validity by 3 experts, and corrected as per expert comments. A pilot test was conducted with one entrepreneur to check for complete coverage of the established objectives before actual interviewing.

#### **Data collection & analysis**

The researchers contacted the selected key respondents and asked for permission for interviewing. Each interview lasted approximately 1-2 hours, and tape-recorded with permission by a research assistant. The interview process started in May, 2016 and ended in March, 2017. The interview data were categorized in accordance with the themes, and presented in the descriptive format.

#### **Findings**

The in-depth interviews with 39 entrepreneurs in 4 business areas, namely 1) food & beverage, 2) pharmaceuticals, cosmetics and herbal products, 3) restaurants, and 4) spa tourism hotel and hospitals, revealed the following findings.

#### **Knowledge about Halal Business**

##### **Knowledge of halal certification significance in business**

The entrepreneurs who got the halal certificate and who are in the application process stated that halal certification was required in their business, especially in product distribution via modern trade, and to the consumers in the South, or to those in the Muslim countries. In this case, the demand from customers and business partners alike had urged the entrepreneurs to secure for halal certification. However, some respondents indicated that halal certification was not necessary for the business whose products were consumed mostly by mass markets or non-Muslim tourists.

In the mass market, a vendor being Muslim turned to be more significant than a halal certification mark, regardless of the product types. However, if that particular product was meant to be exported to the Muslim consumers overseas, the halal certification mark is required, regardless of the entrepreneurs' religion affiliation.

The entrepreneurs in the cosmetics/ pharmaceuticals/herbal products indicated that, besides the food and food-related business, the halal certification in other business areas are not "compulsory," but "voluntary" to follow the health orientation of the consumers. In this case, the halal certified products signify quality, positive image, confidence and trust of customers and business partners, and the opportunity for market expansion to acquire sales and profit growth.

In terms of application for halal certification, the big-firm entrepreneurs reported relatively fewer problems than the SMEs. The reasons are four-folds as following:



- 1) The big firms generally have enough personnel and financial resources to handle the application process. For example, they may assign a team for information search, or hire an advisory team to supervise the modifications and restructuring of personnel plan and facilities to be in accord with the halal regulations.
- 2) The big firms usually have an allocated budget for on-site operation as stipulated in halal certification regulations, e.g., recruiting Muslim employees and supervisors, paying fees, restructuring the premises and facilities, and controlling the operation so as not violate the halal regulations.
- 3) The big firms, particularly the chicken-processed plant, have to readily operate in compliance with other domestic and international quality assurance standards (e.g. HACCP, GMP, GDP, GHP). The said standards are required if the firms distribute their products via the modern trade system or export them to the overseas markets. In this case, the halal-regulated operations merely added up to the existing standard procedures, not significantly involving major modifications of organizational structures. In this aspect, therefore, the big firms have higher potential levels to secure halal certification than the SMEs.
- 4) The big-firm entrepreneurs and representative generally indicated their positive attitudes towards the performances of CICOT and/ or the provincial Islamic councils, as well as having developed a long-lasting positive relationship with the CICOT staffs.

This may stem from their long activity in business, and involvement in continuous training and receiving personal advices from the CICOT representative.

#### **Knowledge of halal market in the related industry**

The entrepreneurs who got the halal certificate and who are in the application process unanimously agreed that the halal certification was vital to survival of the food & beverage business and restaurants. Those of the spa business, however, stated that since Thailand is not a Muslim country, the regulation to separate male & female spa does not exist. Hence, halal certification of the spa business should be limited only to spa products. In this aspect, the spa business paid specific attention to securing the halal-certified products (with no collagen or alcohol), but did not apply for halal certification of the whole business.

The same aspect is similarly practiced by the entrepreneurs of tourism/hospital & hospital business. That is, halal certification is restricted only to “halal kitchen” on the premises. At present, however, a few hotels declared their business as the full-system halal hotels (e.g. Nouvo City Hotel, Almyros Hotel).

#### **Knowledge of halal standard & definition**

The non-Muslim entrepreneurs who got the halal certificate and who are in the application process identified that they received knowledge regarding the halal standard & definition from CICOT’s website, government agencies, halal advisors & experts, friends, and other experienced entrepreneurs. The latter group also stated that the CICOT’s website contained adequately complete and clear information regarding the application process, with a template provided. However, the interpersonal information source

was particularly important, since the big-firm entrepreneurs reportedly received personal advices from the “acquaintances” in CICOT or provincial Islamic councils, or a customer who also served as a committee in the said councils.

However, the SMEs indicated that information search about halal standards and definitions is “not yet necessary” for them. They further explained that if they wanted to apply for the halal certification in the future, they believed the adequate sources of information would still be available.

#### **Knowledge of government’s efforts in promoting halal products and services among Thai entrepreneurs**

The entrepreneurs from a chicken meat processing plant who got the halal certificate stated their awareness of the Department of Livestock Development (DLD)’s supports in terms of training, information, and subsidiary budget. This is because the DLD is mainly responsible for supervising strict standards of chicken meat manufacturing, so as to generate public hygiene and importers’ trust. Therefore, the entrepreneurs have to operate abreast of the DLD’s quality standard regulations, including halal certification.

The entrepreneurs of other business areas who got the halal certificate also indicated an active role of the related government agencies (e.g. the Tourism Authority, the Ministry of Commerce, and the Ministry of Industry) in investigating product quality and promoting the application for halal certification. The underlying reason is their recognition of the product potentiality to sell to Arab tourists or to export to Muslim countries. The entrepreneurs themselves also indicated that having the halal certification mark is “better than none.”

The interviewed entrepreneurs agreed that the related government agencies should provide halal-oriented trainings, and provide information and advices for halal certification application. In addition, they should cooperate with the CICOT and provincial Islamic councils to facilitate and speed up the application process.

#### **Knowledge of steps in applying for halal certification**

The entrepreneurs who got their halal certificate revealed that they received halal-related information from 1) their own experiences in prior application, 2) the evaluation and feedback information received from CICOT and/or the provincial Islamic councils, 3) their internal halal advisor, 4) the related government organization, and 5) the Islamic council committee who is the organization’s acquaintance. However, the entrepreneurs without prior application experiences who are in the application process may search for necessary information from CICOT website or hire an advisory team.

#### **Expected Benefits VS Actual Benefits**

The entrepreneurs who are in the application process stated their expectation from halal certification in terms of sales volumes, profits, or opportunity for exportation. In this matter, the benefits from halal certification should be clearly defined by all parties concerned, so as to stimulate more entrepreneurs to apply for the certificate.

The entrepreneurs who got the halal certification mark indicated the benefits they received from halal certification in terms of reliability in product quality, trust among Muslim consumers, and market expansion to prospective Muslim consumers both domestically and internationally. The restaurant entrepreneurs,

however, stated no difference in terms of customer growth rate, since the current customers trusted more in dish quality than in the halal certification mark. The said mark, in this case, would generate trust among new customers instead, and that serving an opportunity for market expansion.

### **Opinion on the Application Process for Halal Certification**

The entrepreneurs expressed their different opinions towards the application process for halal certification. One group said that the application process is “complicated, slow, and redundant,” while the other group exclaimed that the process was complicated only in the first-time application, but regularly abided with the established system when renewing the certification mark in the following years. The second group specifically indicated their understanding in the staff’s operation. In this case, an internal knowledgeable advisor will help facilitate the application process.

### **Obstacles and Problems in the Application Process/Suggestion**

The SME entrepreneurs indicated the following problems regarding the application process for halal certification:

- 1) Application costs/fees, which is basically a major problems among the SME entrepreneurs, and even among the small suppliers to big firms;
- 2) Validation period of halal certification mark, which basically lasts for only 1 year. This causes a problem for SME entrepreneurs as well, since they generally lacks adequate human and financial resources to handle the too-frequent process of halal certification renewal.

The entrepreneurs suggested the CICOT reduce the application fees, or extend the validation period to 2-3 years, as in compliance with that of other international quality standards.

- 3) The acceptance of Thai halal certification mark by other countries. Some entrepreneurs indicated that the halal certification mark of Thailand was not accepted by the Muslim countries in ASEAN (Malaysia & Indonesia) and in the Middle-east region. In this case, the entrepreneurs had to apply for the certification from Malaysia or Indonesia before exporting the certified products to the said countries, and this procedure inevitably increased the organization’s cost. Some entrepreneurs had to sell their products via a broker who put the halal certified mark of Malaysia or Indonesia on the product package for selling or exporting. This makes Thai entrepreneurs lose their chance for brand building and exportation. The interviewed entrepreneurs suggested the government negotiate with the ASEAN member countries to build up “Halal ASEAN,” and with the Middle-east countries to generate trust in halal certification process of Thailand.
- 4) The government should intensively support the halal certification application, by providing a workshop and/or personal advice; coaching new business, SMEs, or non-Muslim entrepreneurs; building a network among entrepreneurs who are interested in applying for the certification; and helping the entrepreneurs in expanding the halal markets both domestically and internationally.

5) The entrepreneurs also suggested CICOT and provincial Islamic councils perform a more active role in promoting the halal certification application, by using information technology as a communication tool to publicize CICOT activities, building an update and complete database of the applied entrepreneurs, and uplifting the staff's efficiency.

### Discussion & Recommendation

Halal certification mark is basically required for the food and food-related business. However, the entrepreneurs of other businesses also increasingly applied for and received halal certification. This is due to the emerging demands for halal certified products, especially from customers, suppliers, and retailers, as well as perceived opportunity for exportation (Office of Industry Promotion, Ministry of Industry, 2016).

The entrepreneurs stated that the Muslim customers still prefer purchasing from the Muslim vendors, no matter whether they carry the halal certification mark or not. However, they will look for the halal certification mark/label if the business is not operated by a Muslim. This perception was confirmed by some Muslim entrepreneurs who stated that halal certification is required for the non-Muslim entrepreneurs only, since the Muslims themselves had to strictly and readily follow the Islamic halal regulations for fear of committing sin.

The Muslim entrepreneurs in the pharmaceuticals, cosmetics, and herbal products, particularly stated that their products needed no halal certification, and that they sought for halal certification only for the benefit of exploration to the overseas markets. This is in contrast to those in the

restaurants and hospitality business who stated that halal certification is a must even though the business owner is a Muslim.

The entrepreneurs were basically the heterogeneous group. That is, they shared a different side of opinion regarding the benefits of halal certification, in that one group of entrepreneurs perceived a beneficial contribution of halal certification to their business, while the other group perceived no significant growth in terms of new customers, sales volumes, or profits. The same could be said for the application process for halal certification, being perceived by one group as "complicated, slow, and expensive" but by another group as "tolerable, understandable, and reasonable." The former opinion basically stemmed from the entrepreneurs of restaurant and food-related business, while the latter from younger entrepreneurs in non-food business areas.

Since halal certification was stipulated specifically to regulate the restaurant and food & beverage businesses (CICOT, 2016), the entrepreneurs themselves generally possessed more knowledge of halal definitions and standards and positive perception on the application process. However, unlike the non-food entrepreneurs, they indicated the negative perception on application fees and related costs. This conflicting perception may stem from the different business nature, since the non-food business's interest was basically in expansion to both domestic and international Muslim customers, they consequently perceive the halal certification as worthy of their expenses, efforts and time.

Another drawback of halal industry is the government supports in terms of information and financial resources (subsidy, tax reduction, and loan). All entrepreneurs indicated their limited

awareness of the said supports. Considering the endeavors of the related government agencies to promote the halal industry (Office of Industry Promotion, Ministry of Industry, 2016), this outcome may result from inadequate information flow and communication shortage between both parties.

The obstacles in halal certification involved four aspects: the halal certification organization, the fees and related costs, the organization itself, and the information (Ruzevicius, 2012). In this study, some entrepreneurs perceived no distinctive benefits from halal certification; the complicated, time-consuming, and costly application process; non- or low-recognition of Thai halal certification among Muslim importers; and inadequate supportive information. These negative perceptions may hinder to some extent the government's efforts in promoting more businesses to apply for halal certification.

It could be summarized that the entrepreneurs with neutral to positive perception towards halal certification are mostly start-up young entrepreneurs, those from big firms or had a positive relationship with the Islamic committee, and those with prior positive experiences with the certifying organization. In addition, some entrepreneurs stated their positive perception by noting that halal certification is merely another type of quality assurance standard, with religious requirements added to the existing ones.

In contrast, those with the negative perception were those who encountered negative experiences in the application processes, either in contacting the certifying staff, and the unending changes of regulations when renewing their halal certification mark/label. This problems originated mostly in the provincial level.

As for the SMEs, they perceived that halal certification is not yet necessary for them since their products are domestic and non-Muslim oriented. They also specified limited human and financial resources to be used in the application process. However, they stated their intention to apply for halal certification when their business expands further to cover the Muslim market and generate more sales volumes and profits.

Considering the attempts of both government and private organizations to promote halal standardization among Thai entrepreneurs as part of quality assurance, the findings of this study on the entrepreneurs' perception definitely shed lights on the outcome of their efforts. That is, some still indicated a kind of misunderstanding in both the halal knowledge and application process, while others still perceived the obstacles hindering their application endeavors. This study, therefore, suggested that the government be more active in promoting, supporting and driving the growth of local halal industry, stimulate an integrative and complete demand chain of halal products, and push forward the exportation of halal products to international markets (Dube, Hongxia, Haijuan, & Lijun, 2016). The government has to additionally provide the support infrastructures to facilitate the halal certificate application, in terms of network building, business coaching, market analysis, and marketing service providing (Dube, Haijuan, & Lijun, 2016).

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