

# **Commitment to Halal Practices of Indonesian Culinary MSMEs in the Production Chain: The Impact of Halal Literacy and Attitudes**

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## **Abstract**

Indonesia has the potential to become halal tourism during the development of a sizeable Muslim population in the world. Indonesia's diverse cuisine is an essential shot at the halal industry to ensure that the food production process follows halal standards, one of which is through certification. With the role of Culinary MSMEs in implementing the halal production chain, it can meet the spiritual needs of Indonesian Muslims and even the world, as well as being a consideration for consumers to choose halal cuisine that is guaranteed to be healthy and free of illicit content. This study aims to explore the influence of halal literacy that encourages the knowledge, attitudes, and spirituality of Culinary MSME owners on the commitment of Indonesian Culinary MSMEs to halal practice standards in the food production chain. This study was carried out with a survey of Culinary MSME Owners with Islamic Religious Identity in Indonesia who have gone through a halal assessment process from the MUI or BPJPH of the Ministry of Religion of the Republic of Indonesia, and the data results were analyzed using Structural Equation Modeling (SEM). The results showed that halal literacy is a driving factor for Islamic knowledge, attitudes, and spirituality in the commitment of Indonesian Culinary MSME owners to standard halal practices in the production chain. This study forms three implications for Indonesian Culinary MSME owners, the Government, and Academics.

**Keywords:** Commitment, Halal Practices, Indonesian Culinary MSME, Production Chain

## Introduction

Indonesia is a country with the largest Muslim population in the world. The World Population Review notes that in 2021 Indonesia is the country with the largest Muslim population in the world, namely 231 million people, and the Directorate General of Population and Civil Registration (Dukcapil) of the Ministry of Home Affairs noted that as of June 2021 there were 236.53 million people (86.88%) out of 272.23 million people are Muslim, meaning that the majority of Indonesia's population is Muslim (Artadita & Lestari, 2019; Jaffar & Musa, 2014). This number is a fantastic figure to be used as the market share for halal products. We can see the potential of the Indonesian halal industry from several sectors: the halal food sector, the Islamic finance sector, the halal tourism sector, and the Muslim fashion sector. Data from the Ministry of Industry released that the level of consumption of Indonesian halal products is predicted to increase by 6.2% in 2018-2024 or increase to USD 3.2 trillion in 2024 (Wenovita, 2021).

The halal industry is currently one of the business opportunities that is a trending topic among the Indonesian people and the world community. Sindonews launched a statement by Professor of Marine Biotechnology for Fisheries Nutrigenomic Sukoso, who stated that the halal industry is not only in demand by countries with Muslim-majority populations but also by countries with Muslim minority populations in the world. The global economic community is currently paying considerable attention to the halal industry, which is becoming a trend. The outbreak of the global halal movement is a crucial issue that is important to be discussed by Islamic economic activists (Hidayat, Rafiki, & Nasution, 2022). Nowadays, halal is not just a fulfilment of the needs and compliance of Muslims with sharia but has become one of the standards recognised by the world. The increasing portion of the world's Muslim population also affects the need for halal products. This increase has been outlined in the State of the Global Islamic Economy Report for 2020-2021. It is estimated that Muslims spent 2.02 trillion US dollars in 2019. These expenditures include the food sector increased by 3.1% in 2019, from 1.13 trillion US dollars in 2018 to 1.17 trillion US dollars, and pharmaceuticals by 94 billion US dollars. Halal cosmetics reached 66 billion US dollars, the fashion sector reached 277 billion US dollars, travel advanced 194 billion US dollars, and media/recreation reached 222 billion US dollars (Fachrurazi, Silalahi, Hariyadi, & Fahham, 2022). It is even estimated that Muslim spending will reach 2.4 trillion US dollars by 2024 or will experience an increase in annual cumulative growth (CAGR) in 5 years of 3.1%.



The halal food sector is a new opportunity to increase economic growth and development. It is said to be a unique opportunity because not only countries with a Muslim majority but Muslim minority countries also take part in the development of the halal industry. Therefore, the Indonesian government is also trying to develop the domestic halal food and beverage industry to encourage its growth of the halal industry. It needs a deep understanding of the world of the halal industry, and it can be enlightened by understanding how to implement halal product certification and assurance first. In the world, halal food is overgrowing because not only Muslims are tempted by halal food but also non-Muslims because halal food is guaranteed in terms of cleanliness and health. The invasion of imported food is quite a challenge, especially since Indonesia is a country where most of the population is Muslim; other countries will compete to reach consumers to achieve their company's profits.

Indonesia has extraordinary culinary potential, with more than 5,300 authentic Indonesian foods, and most of Indonesia's food products are in the halal category (Djati & Christina, 2019). According to data from the National Committee for Sharia Economy and Finance (KNEKS) presented by the President of Islamic Chef and Culinary Indonesia (ICCI) Adie Miartadi, as many as 89 percent of halal culinary research respondents admitted that Indonesian halal food is the easiest to find. Javanese dishes top the list of local foods that are easiest to see in the halal food category. "73 percent Javanese food, 46 percent Sundanese food, 37 minang foods known for their rendang, and 30 percent Betawi food (Giyanti, Indrasari, Sutopo, & Liquiddanu, 2021; Ramli, Abd Razak, & Jaafar, 2021). This makes Indonesian Culinary Small and Medium Enterprises (MSMEs); around 1.5 million micro-small scale business units/industries (IMK) are engaged in the food sector (Munir & Masyhuri, 2021).

Indonesian Culinary Small and Medium Enterprises (MSMEs) have the responsibility to organise a food production process that is guaranteed halal through Three-Zero (zero limits (no illicit ingredients in production), zero defects (no output in illegal products) and zero risk (no risk of loss) and five world halal standards, namely the official halal standards of each country, system audit, illegitimate analysis of critical control, halal standard guidelines and supply chain database of halal materials to develop a solid halal supply chain (Arifin, Raharja, & Nugroho, 2022; Fauzi, 2022). This must be done to present food products that are guaranteed halal according to the word of Allah SWT in the Quran Surat Al-Baqarah Verse 168, which reads:



يَا أَيُّهَا النَّاسُ كُلُوا مِمَّا فِي الْأَرْضِ حَلَالًا طَيِّبًا وَلَا تَتَّبِعُوا خُطُوَاتِ الشَّيْطَانِ إِنَّهُ لَكُمْ عَدُوٌّ مُبِينٌ

"O humanity! Eat from what is lawful and good on the earth and do not follow Satan's footsteps. He is truly your sworn enemy." (QS. Al-Baqarah, [3]:168)

The commitment of culinary MSME owners to the halal standards of culinary production is vital, especially in Indonesia, with many Muslim consumers. All human resources must know the halal flow of the production process of Culinary MSME workers, including the owner. This is a form of affirmation of the commitment of Culinary MSMEs to standard halal practices and as validation of the fulfillment of halal certification requirements if they have been prepared. Actually, in Indonesia, the obligation of the entire food and beverage industry to get halal certification since 2019 began in the first phase of being applied to food products, beverages, slaughter products, and services. Halal certification has since been carried out by the Halal Product Assurance Organizing Agency (BPJPH) as the leading sector administratively by involving the Halal Inspection Agency (LPH), which is authorised in the inspection and/or testing of product halalness, as well as the Indonesian Ulema Council (MUI) which stipulates product halal fatwas. The Ministry of Religious Affairs, together with the Halal Product Assurance Organizing Agency (BPJPH), made various efforts and breakthroughs, including the free halal certification program (Sehati) for micro and small business actors (MSMEs) (Giyanti et al., 2021).

However, the biggest problem in halal standard culinary production is the commitment of culinary MSME owners who are still not firm. Silalahi et al (2022), in their study, states that managerial is the main obstacle in the integration of halal logistics as a whole (Silalahi, Fachrurazi, & Fahham, 2022). Ensuring halal Culinary MSME products is a managerial responsibility as the most crucial customer support as the primary supervisor to avoid illicit risks or syubhah. So that the importance of comprehensive halal knowledge is accompanied by an attitude that supports halal practices and the spiritual sense of religiosity of the owner as a Muslim who obeys the commands of Allah SWT so that the application of halal standards can be practical and sustainable. Several previous studies have shown that knowledge (Arifin et al., 2022; Artadita & Lestari, 2019; Fachrurazi et al., 2022) and attitudes (Abdallah, Rahem, & Pasqualone, 2021; Silalahi et al., 2022; Triguswinri, 2021; Utomo, Sekaryuni, Widarjono, Tohirin, & Sudarsono, 2020) influence commitment in halal business performance.

However, both knowledge, attitudes, and a sense of religiosity are present at a time when the basic concepts rather than halal itself are known for sure by business owners.



Hidayat (2022) and Ismoyowati (2015) state that the halaliteration teaches about distinguishing products and services that are halal or haram to make a better knowledge of Islamic law or sharia and form a spiritual attitude of religiosity either eating (in the context of the consumer) or making food (in the context of the producer) (Hidayat et al., 2022; Ismoyowati, 2015). Halal iterations target two groups, namely producers and consumers. Literacy for consumers, of course, so that consumers can choose and sort out halal and non-halal products. As for halal literacy for producers, it is intended that producers are responsible for presenting products that have guaranteed halalness. If created so, finding healthy, halal, and blessed food is very easy. The community is guaranteed to be protected, safe, and comfortable with it.

So this study aims to explore the influence of halal literacy that encourages the knowledge, attitudes, and spirituality of Culinary MSME owners on Indonesian Culinary MSMEs' commitment to standard halal practices in the food production chain. This study strengthens the commitment of MSME culinary production to follow halal standards through various strategic steps expected to achieve a competitive advantage and have a reputation for halal culinary business.

### **Literature Review/Analytical Framework**

#### **Indonesian Halal Culinary Certification**

Halal culinary products are food and beverage products declared halal following Islamic law (Article 1 paragraph 2 of Law No.33/2014). Halal Product Guarantee, now abbreviated as JPH, is legal certainty regarding the halalness of a product as evidenced by a halal certificate (Article 1 paragraph 1 PP No.39/2021). Products are entering, circulating, and trading in Indonesia must be halal certified. Products originating from prohibited materials are exempted from the obligation to be halal certified. The product referred must be given a non-halal statement (Article 3 PP No.39/2021) (Kurniawati & Savitri, 2020). So far, people's understanding of halal products is limited to food and beverage products. Swandaru, in his concept, states that the idea of 'halal' is no longer limited to food products but has made the halal industry a potential new growth sector in the global economy (Lindsey, 2012).

Indonesian Culinary MSMEs and consumers who support the potential for halal certification have started realising the importance of halal labeling on their products. Halal certification provides protection, assurance, and information on product halalness (Amalia,



Sosianika, & Suhartanto, 2020). It becomes an instrument of business ethics for consumers and producers to increase consumer confidence and reach the global market. Halal certification, along with halal awareness and food ingredients, determines the interest in buying halal food products from Muslim students. The halal lifestyle has recently become a trend not only for the Muslim population but in almost all parts of the world to support the increasing demand for fulfilling the need for halal products and services (Prabowo, Abd Rahman, Ab Rahman, & Samah, 2015). On a global scale, product halal certification and labels assure world Muslim consumers a way to reach the global market. The Halal Product Assurance Organizing Agency (BPJPH), affiliated with the Ministry of Religion, carries the halal certification process. UU no. 33 of 2014 concerning Guarantees for Halal Products mandates that products circulating in Indonesia are guaranteed to be halal (Arsil, Tey, Brindal, Phua, & Liana, 2018).

BPJPH guarantees the halalness of products that enter, circulate, and trade in Indonesia. Currently, Culinary MSMEs in Indonesia are being given a free certification facility, abbreviated as (SEHATI). Free Halal Certification is a program for providing halal certificates free of charge for MSEs that meet the requirements through a self-declare mechanism by business actors by verifying and validating halal statements by business actors from Halal Product Process (PPH) assistants (Katuk et al., 2021a). A self-declaration or a business actor's statement is a guarantee of conformity declared by an individual or organisation for an identified object against specific requirements according to the referenced declaration and clarifies who is responsible for the agreement of the declaration. In the context of BPJPH self-declare, the self-declare process is carried out jointly between business actors and PPH assistants (Kurniawati & Savitri, 2019).

The Free Halal Certification Mechanism (Sehati) is one of the conveniences the government provides to MSEs through a self-declare scheme, even though the free service fee does not mean that the halal certification process does not require costs. There is a fee of IDR 300,000.00 (three hundred thousand rupiahs), which in its implementation is budgeted from various sources, such as the APBN, APBD, partnership funds, grants, and other legal and non-binding sources of funds (Septiani & Ridlwan, 2020). The regulations governing governance, administrative requirements and sanctions regarding Sehati include: "1) Law Number 33 of 2014 concerning Halal Product Assurance, 2) Government Regulation Number 39 of 2021 concerning Implementation of the Field of Halal Product Guarantee, 3) Ministerial Regulation Religion Number 20 of 2021 concerning Halal Certification for Micro and Small Business



Actors, 4) Decree of the Head of the Halal Product Assurance Organizing Agency Number 33 of 2022 concerning Technical Guidance for Companion of Halal Product Process in Determining Halal Certified Obligations for Micro and Small Business Actors Based on Statements Business Players, 5) Decree of the Head of the Halal Product Assurance Organizing Agency Number 77 of 2021 concerning Establishment of Technical Guidelines for Facilitation of Free Halal Certification for Micro and Small Business Actors in 2021, and 6) Decision of the Head of the Halal Product Guarantee Organising Agency Number 122 of 2022 concerning Technical Instructions Facilitation of Free Halal Certification for Pem business ownership, especially micro and small scale culinary in 2022"(Yakub & Zein, 2022).

The following is a list of free halal certification requirements for self-declared small business actors:

1. The product is not at risk or uses materials whose halal status has been confirmed;
2. The production process is guaranteed to be halal and straightforward;
3. Have annual sales results (turnover) of a maximum of IDR 500 million as evidenced by an independent statement and have business capital of up to a maximum of IDR 2 billion;
4. Have a Business Identification Number (NIB);
5. Have locations, places, and processing equipment for halal products (PPH) that are separate from areas, businesses, and processing equipment for non-halal products;
6. Have or do not have a distribution license (PIRT/MD/UMOT/UKOT), Sanitary Hygiene Eligibility Certificate (SLHS) for food/beverage products with a shelf life of fewer than seven days, or other industrial permits for products produced from agencies/agencies related.
7. Have outlets and production facilities at most 1 (one) location;
8. Have been actively producing for one year before the application for halal certification;
9. Products made are in the form of goods (not services or business restaurants, canteens, catering, and taverns/houses/food stalls);
10. The materials used have been confirmed to be halal. Evidenced by a halal certificate or included in the list of ingredients according to the Decree of the Minister of Religion Number 1360 of 2021 concerning Materials that are exempt from the obligation to be Halal Certified;
11. Does not use hazardous materials;
12. The halal product process assistant has verified the halal product;





13. Types of products/groups of products that are halal-certified do not contain elements of slaughtered animals unless they come from producers or slaughterhouses/poultry slaughterhouses that have been halal-certified;
14. Use production equipment with simple technology or do it manually and semi-automatically (home business, not factory business);
15. The product preservation process does not use radiation techniques, genetic engineering, the use of ozone (ozonisation), and a combination of several preservation methods (hurdle technology);
16. Complement the documents for submitting halal certification with an online declaration mechanism for business actors through SIHALAL.

The Sehati program initiated by the Ministry of Religion through BPJPH has been held in two stages. Stage 1, which took place from mid-2021 to 11 July 2022 provides 25,000 quotas, and step 2 allocations which started from 24 August to 19 September 2022 provide 324,834 allotments (Syamsiyah & Ardana, 2022). Halal certification for Indonesian culinary specialities needs to be intensified to strengthen Indonesia's position as a centre for world halal producers. The demand for halal food is indeed high in the domestic community and the world. Several international brands, such as Nestle to Ferrero Rocher, are increasingly prioritising halal certification. There is high market demand for halal culinary provisions driven by tourism. Therefore, culinary business actors need to simplify the certification process, starting from registration to obtaining halal certification.

### **Consumer Decision Model**

The Consumer Decision Model is a theory that explains the critical points in the decision to choose a product, including awareness and purchasing action. Consumer decision models can be divided into three: based on a decision-making perspective, an experiential perspective, and a behavioural influence perspective (Lau, Nakandala, & Shum, 2018). The first perspective that needs to be considered is the decision-making perspective. Consumers, as individuals who have problems, then try to solve these problems, one of which is by purchasing goods or services. The second perspective is called the experiential or experiential perspective. This perspective sees individuals decide something not because it is rational. From the experiential perspective, individuals do several things, such as comparing costs or benefits to their gains based on emotion (Glassock & Fee, 2015).





Furthermore, there is a perspective of behavioural influence (behaviour) where product purchases are influenced not by rationality or because of an emotional connection but by the influence of other people, such as parents, cultural influences, or even environmental influences. For example, some students go to college not because of their own will but to follow their parents' request. Many decisions are made due to the influence of external factors or the influence of marketing factors. High-intensity marketing activities will affect consumer behaviour, so they make product purchases. The consumer decision-making model begins with need recognition, information search, alternative evaluation, and recovery and ends with consumer satisfaction (Hsu & Lin, 2013).

The consumer decision model emphasises the importance of conveying information that makes consumers aware of the brand and the quality of its products. When consumers feel happy and believe in a product, they will make consumers try to want it. Previous studies state that complete product information will increase consumer confidence and purchase intentions (Banerji, Saha, Singh, & Srivastava, 2022; Hsu & Lin, 2013; Lee, Hyun, & Lee, 2022; Lin, Tseng, & Shirazi, 2022; Park & Chang, 2022). Following the research objectives, significant determinants such as knowledge and attitudes were selected as the main variables in the suggested model.

### **Halal Standard Practices Commitment**

Commitment in the business context is the owner's pledge to optimise business operations to provide the best product or service for customers by optimising human, physical, financial or marketing relationships (Tajpour, Salamzadeh, Salamzadeh, & Braga, 2022). Mohamed et al (2013), in its study, states that a business transaction is sustainable if the business owner maintains a quality commitment (Mohamed, Shamsudin, & Rezai, 2013). Currently, halal certification is a phenomenon of world trade. The halal certification indicates that a product is safe, hygienic, and fit for consumption. This kind of certainty is what makes consumers trust even more. Commitment is essential for all parties involved in the business to build the integrity of the halal production chain (Ali, Ali, Xiaoling, Sherwani, & Hussain, 2018).

Khan et al (2017) mentioned that two ways could be done to achieve halal production commitments (M. M. Khan, Asad, & Mehboob, 2017). The first is an internal audit of halal production through inspection of materials, labour, processing, storage, packaging and



labelling, equipment, transportation and distribution. The second is a technical audit, such as waste or building management, to ensure the production process has sufficient clean space (Ningtyas, Permana, Rosa, & Jaswir, 2022).

### **Halal Literacy**

Halal literacy is the knowledge and understanding of a person or community about a product they will consume. A halal or haram product is not only limited to halal labels, but the public must also understand whether the goods they consume come from halal ingredients (A. Khan, Arafat, & Azam, 2022a). Halal literacy is essential in purchasing decisions because before consumers use a product or service, they go through knowledge, persuasion, judgment, and confirmation (Randeree, 2019). Halal literacy is a person's ability to combine knowledge, awareness, and skills to distinguish between halal and haram goods and services based on Islamic law. Therefore, a Muslim consumer must be intelligent to distinguish between halal and haram goods and services. The concept of literacy in halal behaviour that runs in society, especially in Indonesia, has experienced rapid and massive development since the Indonesian government initiated the realisation that Halal has become part of government policy since the establishment of the Halal Product Assurance Organizing Agency (BPJPH) at the Ministry of Religion. BPJPH carries out transformation and consistency steps in the process of guidance to the Indonesian people; not only the conceptualisation of literacy in the context of Halal consumption behaviour of the Indonesian people but also the use of the concept of literacy in other behavioural contexts will be needed to build a foundation for a halal solid Literacy concept and with the idea of 3T (Measurable, Tersechedule and Projected) (Katuk et al., 2021a).

Based on the study of the concept of halal literacy, research from literacy. Latest research use Financial Literacy to explain various consumer or societal behaviours towards branding, in this case, halal contextualisation (Antara, Musa, & Hassan, 2016a; A. Khan, Arafat, & Azam, 2022b; Utomo, Sekaryuni, Widarjono, Tohirin, & Sudarsono, 2021). Bhutto et al. (2022) found that people with better access to specific knowledge and information will have more awareness of the branding (Bhutto, Ertz, Soomro, Khan, & Ali, 2022). Therefore, the Halal style has a broader dimension, so in this case, halal literacy must get support from other literacy, for example, media literacy, etc. In addition, the concept of literacy has also been used to explain consumer perceptions and behaviours in various contexts.



Media Literacy is another literacy context that receives greater attention from scientists. Kakinuma (2022) define Media Literacy as the ability to access, understand, and create messages in various contexts (Kakinuma, 2022). A narrower definition which focused on the ability to access and understand media messages to explore the role of media literacy on how consumers view the ethics of media broadcasting companies and trust the neutrality of the messages they contain (Hamdana, Murwani, Sudarmiati, & Hermawan, 2022). In a completely different context, Goyal et al. (2021) conducted a study that found that giving media literacy courses would reduce media effects on thin body image in young women, which can lead to various eating disorders (Goyal & Kumar, 2021). Other uses of media literacy in health-related consumer behaviour include a study by Primack et al. (2008) that explored the influence of media literacy on people's attitudes towards this halal campaign. In each of these studies, the concept of literacy was used in place of more general cognitive concepts such as awareness and engagement. Although both of these concepts are related to literacy, they represent the concept of people's cognition towards halal. Literacy is more than a state of awareness of specific ideas or a motivation to seek more information on a particular topic. Being literate in the concept of Halal means having the ability to change one's behaviour as a result of a greater understanding of specific topics and transforming them into people's living behaviour. Mirzaei and Buer (2022) describe literacy as having two components, Potential and Enforcement (Mirzaei & Buer, 2022).

Potential literacy consists of knowledge of a particular situation, personal involvement, and social engagement in the world. While Enforcement requires one specific set of competencies in action, which help shape the case: recognising the need, articulating problems, contributing to technological processes, and analysing the consequences (Judson, 2010). Although initially used in other literacy contexts, these definitions may also be appropriate to describe literacy in the context of halal consumption. The role of halal Literacy in Islam As explained earlier, the Prophet Muhammad once said, "Halal is clear, and Haram is clear; between the two, there are doubtful things (Syubhat) that are unknown to man whether they are kosher or haram...". This hadith is the central foundation for the conceptualisation of Halal Literacy for Muslim consumers. Based on this hadith, everything can be categorised as halal (halal) and forbidden (Haram) in Islamic law, with what remains to be doubtful things (syubhat) (Antara, Musa, & Hassan, 2016b). Doubtful things (syubhat) are things people do not know, whether they are kosher or haram. Therefore, to dispel doubts, knowledge is required from halal literacy. Malini (2021) have found the influence of halal

literacy on the inside and attitudes of food company owners, both ready-to-eat and instantaneous (Malini, 2021). Only one study has found a link to the impact of halal literacy on Muslim business owners' spirituality (Muflih & Juliana, 2021). So this study formed three initial hypotheses, namely:

H1: Halal literacy has a significant positive effect on the knowledge of Indonesian Culinary MSME owners

H2: Halal literacy has a significant positive effect on the Attitude of Indonesian Culinary MSME owners

H3: Halal literacy has a significant positive effect on the spirituality of Indonesian Culinary MSME owners

### **Knowledge**

Knowledge refers to facts, feelings or experiences by a person or group of people, and it can also be defined as the awareness or familiarity of an incident or learning (Adiba & Wulandari, 2018). Business owners must understand the concept of "Halalan Thoyyiban" as a Muslim who contributes to developing halal products. Knowledge of halal is related to production procedures that meet the established halal elements (Maichum, Parichatnon, & Peng, 2017).

Mostafa (2020), in its study, states that business owners with good knowledge have tremendous business growth (Mostafa, 2020). This is also in line with Nurhayati (2020) and Rejeb et al (2022) research which says the positive impact of the halal certification process on business performance (Nurhayati & Hendar, 2020; Rejeb, Rejeb, Zailani, & Kayikci, 2022). However, in a qualitative study of IHAS Malaysia, it is stated that a lack of knowledge triggers a lack of commitment and awareness of business owners' understanding of the halal requirements of IHAS Malaysia (Hassan, Arif, & Sidek, 2015a).

H4: Knowledge of Indonesian Culinary MSME owners has a significant effect on the commitment to halal practices in the culinary production of Indonesian MSMEs

### **Attitude**

Attitude in the context of business behaviour is one of the psychological factors that influence the behaviour or actions of business owners choosing service options or products



supporting their business (Mindra, Bananuka, Kaawaase, Namaganda, & Teko, 2022). Attitude is an evaluation, feeling, and tendency towards a relatively consistent issue. Islam views attitudes in two conditions: *mahmudah* (Good) and *Mazmumah* (Bad) (Bananuka et al., 2020). Luthra et al (2022) states that different business practices positively impact achieving business performance outputs (Luthra, Kumar, Sharma, Arturo Garza-Reyes, & Kumar, 2022). Bashir (2019) emphasises that the attitude towards responsibility and maintaining the company's integrity plays a significant role in every halal production chain, such as the ability of human resources, production materials, production processes, storage etc (Bashir, 2019) . Several previous studies have found the influence of attitude on the readiness and efforts of business owners in the pharmaceutical, instant food and cosmetic sectors to produce halal standards (Hassan, Arif, & Sidek, 2015b; Kasri, Ahsan, Widiatmoko, & Hati, 2021; Katuk et al., 2021b).

H5: The Attitude of the owner of Indonesian Culinary MSMEs has a significant effect on the commitment to halal practices in the culinary production of Indonesian MSMEs.

### Islamic Spirituality

The spiritual is not a religion and vice versa, but the two have a close relationship. From the Islamic perspective, it is stated that human beings born have brought spiritual potential, and this potential often appears in the human soul to seek the meaning and meaning of life (Muflih & Juliana, 2021; Muhammad Haq, 2014). Spirituality is the heart and soul of religion. Spirituality is a very sacral and central element of search in religion. Religion is a construction in the spiritual quest to look for a particular object of great importance. Spirituality sacred phenomena tend to be neglected in psychological science and more to other psychological, social, biological and evolutionary motives and impulses. Yet this holy search cannot be reduced by any different process. It continues to react and act in pursuit of objects, meanings and values. Sani (2019) and Yousaf (2022) state that there are four spiritual parameters of Islam that are comprehensive, holistic, practical and measurable (Sani & Maharani Ekowati, 2019; Yousaf, 2022), namely

1. Muslim love for Allah Almighty
2. Muslim commitment to maintaining Tawhid and Islamic Law



3. Strong efforts to actualize the virtues of Islam

4. Maintenance of positive values in behaviors that have an impact on society

Farouk (2016) and Katuk (2021) managed to find the influence of spirituality on consumer behavior. This reflects a significant change in Muslim behavior in activities thanks to the active role of spirituality that strengthens commitment (Farouk, Pufpaff, & Amir, 2016; Katuk et al., 2021b). Based on this context, researchers assume spirituality influences business owners' responsibility to halal practices.

H6: Islamic Spirituality of Indonesian Culinary MSME owners significantly affects the commitment to halal practices in the culinary production of Indonesian MSMEs.

### Research Method

The type of research used in this research uses quantitative analysis. Quantitative research has meaning as a research method based on the philosophy of positivism, discovery method, and scientific method because the scientific method has concrete, measurable, objective, systematic, and rational results. This method tests hypotheses using statistical data analysis instruments and in the form of numbers (Christensen, Johnson, & Turner, 2014). This research is an exploratory study using Partial Least Square (PLS). A sampling of the sample size at PLS provided ten times the number of formative indicators or ten times the number of lines (paths) connecting each latent variable in the study. This research was carried out according to the research model set out in figure 1 below.

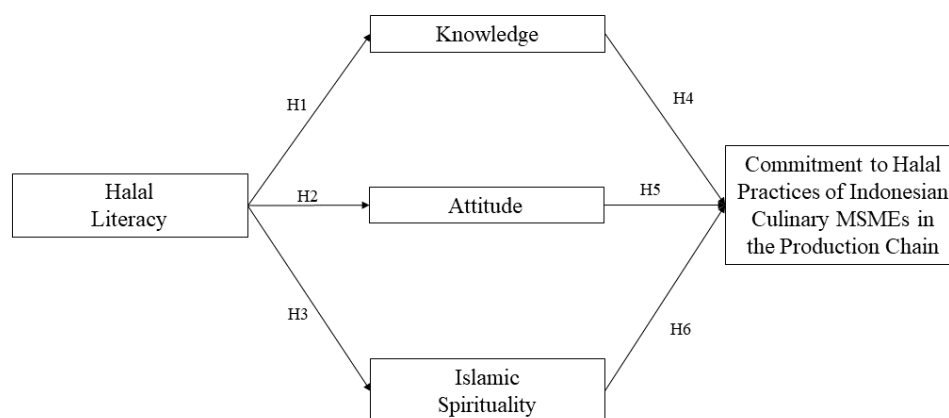


Figure 1. Research Model

The data used in this study are primary data, namely data obtained directly through surveys by disseminating questionnaires to respondents and collecting questionnaire results. Data collection is carried out by creating online questionnaires using google forms and manuals, making it easier to spread to respondents. The questionnaire consists of two parts, namely:

1. The first part concerns the respondent's data, which will be kept confidential.
2. The second part is some indicators to test research variables with a Likert scale

A Likert scale model is a grading scale to measure the opinions, perceptions, or attitudes of a person or group of people by providing a range of values. This scale is often used in this type of research in the form of surveys. Answers were given to each indicator from 1 with a Strongly Disagree (STS) response to 5 with a Strongly Agreeing (SS) response. This research instrument has been established following the synthesis of theoretical studies in the previous chapter, which is described in detail in table 1 below.

Table 1. Variable Indicators Dimension

Variable	Indicators	Measurement Methods	Source
Halal Literacy	MSME owner's knowledge of quality culinary raw materials	Likert Scale Questionnare 5	(Antara et al., 2016a; A. Khan et al., 2022b; Malini, 2021)
	Knowledge of MSME Owners regarding the clarity of information on culinary raw materials		
	Knowledge of MSME Owners regarding		



the ingredients of  
halal products

Knowledge of MSME  
Owners on how to  
obtain halal product  
ingredients

Knowledge of MSME  
Owners regarding  
how to process  
culinary raw  
materials follows the  
principles of product  
halalness

Knowledge of MSME  
Owners regarding  
the cleanliness  
aspects of the  
processing of  
culinary products

Knowledge

MSME Owners'  
understanding of  
BPJPH Halal  
Certification,  
Ministry of Religion  
of the Republic of  
Indonesia

Likert Scale  
Questionnaire  
5

(Adiba & Wulandari,  
2018; Hassan et al.,  
2015a)

Understanding of  
MSME Owners on  
halal indicators for  
culinary products  
according to BPJPH,  
Ministry of Religion

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	of the Republic of Indonesia		
	MSME Owners' understanding of clean and halal culinary Production Flow		
	MSME Owners' understanding of the urgency and benefits of culinary product halal statements		
	Understanding of MSME Owners regarding the relationship between halal statements and marketing strategy		
Attitude	Discussion on halal materials and culinary production tools with islamic religious leaders around culinary MSMEs	Likert Scale Questionnare 5	(Bashir, 2019; Katuk et al., 2021b, 2021a)
	Moral obligation to deliver halal products in the food menu list		
	Efforts to find alternative halal		

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ingredients if the  
main ingredients are  
empty

Efforts to educate  
customers about  
halal food  
ingredients and  
processes

Choice of Halal food  
ingredients in  
production practices

Halal alternative  
recommendations if  
the main ingredients  
are expensive

Information on Food  
Ingredients and  
Procedures for the  
Production of Halal  
Food from MUI is a  
good and relevant  
source of information

Islamic Spirituality

Carry out Halal  
Culinary Production  
Orders Out of Love  
for Allah SWT and  
Rasulullah SAW

The Good Practice of  
Halal Culinary  
Production to Get the  
Blessings of Allah  
SWT

Likert Scale  
Questionnaire  
5

(Muflih & Juliana, 2021)

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	A halal culinary production is a form of loving fellow human beings, especially Muslims		
	A halal culinary production is a form of affirmation of maintaining the purity of monotheism		
Commitment to Halal Practices of Indonesian Culinary MSMEs in the Production Chain	Commitment to maintaining the supply of halal culinary raw materials	Likert Scale Questionnaire 5	(Md Nawi, Megat Ahmad, Ibrahim, & Mohd Suki, 2022)
	Commitment to continuing implementing the halal culinary production chain		
	Commitment to providing halal education to the public through halal culinary products		

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The population in this study is the owners of Culinary MSMEs in Indonesia. The sampling method uses non-probability sampling, namely the withdrawal of examples that do not have the opportunity from a population to be selected into samples with purposive sampling techniques, which are carried out based on predetermined characteristics of the target population elements adjusted to the problem or goal. The sample criteria set are

Culinary MSME Owners with Islamic Religions Identity in Indonesia who have gone through a halal assessment process from the MUI or BPJPH of the Ministry of Religion of the Republic of Indonesia. The sample is adjusted to the analysis model used, structural equation modeling (SEM). In this regard, the sample size for SEM using the maximum likelihood (MLE) estimation model is 100-200 samples. Referring to Hair et al. (2017) found that the appropriate sample size was 100 to 200 (Hair Jr., Matthews, Matthews, & Sarstedt, 2017). It is also explained that the minimum sample size is five observations for each estimated parameter, and the maximum is ten observations for each estimated parameter. In this study, the number of research indicators was 25, so the minimum number of samples was five times the number of indicators calculated, or as many as 125. The number of samples used is more, which is minimum 160, so if there is biased or invalid data, it does not reduce the number of respondents below the minimum sample suggested.

The research analysis technique was carried out with SEM – PLS, a Structural Equation Model (SEM) approach using Smart PLS (Partial Least Square) 3.0. PLS is a structural equation (SEM) model based on components or variants (variance). PLS is an alternative approach that has shifted from a covariance-based SEM approach to a variant-based one (Rigdon, Sarstedt, & Ringle, 2017). DEMs based on covariance generally test causality/theory, whereas PLS is a more predictive model. PLS is a powerful analysis method because it can be applied to all data scales, does not require many assumptions, and the sample size does not have to be significant (Sholihin & Ratmono, 2013; Streukens & Leroi-Werelds, 2016).

## Analysis

### Analysis Result

This research succeeded in getting 183 respondents who owned Culinary MSMEs who were in process or had received halal certification from the MUI or BPJPH of the Ministry of Religion of the Republic of Indonesia. Most of the respondents were womenpreneurs who described positive gender equality in Muslim women's contribution to Indonesia's Islamic economy. Most respondents who own Culinary MSMEs are in the age range of 31-50 years, but interestingly, pre-elderly and elderly groups joined this study. The majority of respondents in this study were Culinary MSME owners domiciled on the island of Java and Sumatra Island. The educational history of the respondents was the majority of high school graduates and bachelor/diplomas. Respondents who own MSMEs have mainly started a business for 3-4 years, followed by a history of a year and seven months ago. This is also



comparable to the business profit of most respondents above Rp. 4,000,000, indicating business maturity.

Table 2. Respondents Profile

Characteristics	Total	Percentage
<i>Gender</i>		
Male	86	47%
Female	97	53%
<i>Age</i>		
20-30 Years Old	23	12%
31-40 Years Old	45	25%
41-50 Years Old	53	29%
51-60 Years Old	34	19%
>60 Years Old	28	15%
<i>Location Demographics</i>		
Jawa	74	40%
Kalimantan	31	17%
Sumatera	54	30%
Bali-Nusa Tenggara	13	7%
Sulawesi	9	5%
Maluku	2	1%
<i>Education</i>		
Elementary School	31	17%
Junior High School	27	15%
Senior High School	42	23%

Bachelor/Diploma	58	32%
Master/Doctor/Ph.D	25	13%
<b><i>Business Age</i></b>		
< Rp. 1.000.000	29	16%
Rp. 1.000.000 – Rp. 3.000.000	26	14%
Rp. 4.000.000 – Rp. 6.000.000	49	27%
Rp. 7.000.000 – Rp. 10.000.000	43	23%
>Rp. 10.000.000	36	20%
<b><i>Business Age</i></b>		
2-6 Month	31	17%
7-12 Month	44	24%
1-2 Years	40	22%
3-4 Years	46	25%
≥ 5 Years	22	12%

Exploratory research with SEM analysis techniques begins with the evaluation of outer models, including convergent validity and discriminant validity testing and construct reliability testing. Validity tests are carried out to measure what should be measured and determine the instrument's capabilities. At the same time, the reliability test measures the consistency of measuring instruments in measuring a concept. The convergent validity test with the SmartPLS 3.0 program can be seen from each factor in its charge value, where the charge value on this factor must be greater than 0.7, and the average variance extracted (ave) value must be greater than 0.5 (Afthanorhan, Awang, & Aimran, 2020; Russo & Stol, 2021). Table three shows that the scale of output loadings has passed the minimum threshold, and the average variance extracted value also shows the same so that the validity of this research has been tested and can be continued by looking at reliability.

The outer model can also be measured by composite reliability and Cronbach's alpha. Comparable reliability can be expressed using Cronbach's alpha value if it has a value above 0.7 (Afthanorhan et al., 2020; Russo & Stol, 2021).. Table 3 shows that this research model's feasibility can be seen as composite reliability above 0.7, so the entire variable is said to have





been met (fit). Cronbach's alpha overall variable is more significant than 0.7, then the whole variable is said to have been met (fit). Then it can be concluded that all data have met the criteria for validity and reliability of data. Furthermore, peak analysis, namely the Inner Structural Model, can be carried out to determine the model's strength and Path Coefficient testing to determine decisions on the hypothesis proposed.

Table 3. Measurement Outer Result

Variable	Item	Loadings Scale Output	Cronbach Alpha	Composite Reliability	AVE
Halal Literacy	HL1-HL6	0.659-0.871	0.879	0.890	0.626
Knowledge	KN1-KN5	0.722-0.834	0.850	0.853	0.626
Attitude	ATT1- ATT7	0.641-0.780	0.863	0.867	0.553
Islamic Spirituality	IS1-IS4	0.844-0.924	0.904	0.906	0.777
Commitment to Halal Practices of Indonesian Culinary MSMEs in the Production Chain	CHP1- CHP3	0.836-0.852	0.794	0.795	0.708

Inner Model testing (structural model), which includes r-square output, parameter coefficients, and t-statistics, is used to test hypotheses. The value of R Square is the magnitude of the endogenous variable or Y that can be explained by the exogenous variable or X. Changes in the value of R Square can be used to see whether the influence of exogenous latent variables on endogenous variables has a substantive influence (Joe F Hair, Risher, Sarstedt, & Ringle, 2018; Sarstedt et al., 2020). Based on the Table shows that the R-square value of the knowledge variable is 0.665, or it is stated that the knowledge variable is explained by halal literacy of 66.5% or moderate, while other variables outside the study explain the rest. Meanwhile, the variables of attitude (0.761 or 76.1%) and Islamic Spirituality (0.886 or 88.6%) are explained very strongly by the variables of halal literacy. The peak of R-Square's results

showed that Knowledge, Attitude, and Islamic Spirituality managed to explain 94.5% of its encouragement to the Commitment to Halal Practices of Indonesian Culinary MSMEs in the Production Chain.

Table 4. R-Square Result

Endogen Variable	R-Square	R-Square Adjusted
Knowledge	0.665	0.660
Attitude	0.761	0.759
Islamic Spirituality	0.886	0.885
Commitment to Halal Practices of Indonesian Culinary MSMEs in the Production Chain	0.945	0.943

Path coefficient testing is used to show how strong the effect or influence of independent variables on dependent variables is and prove hypotheses. This study's criteria for accepting or rejecting hypotheses is to assess statistical and R-square values. The t-statistical value (t-count) is compared with the t-table value. The t-table value specified in this study was 1.96, with a significance level of 0.05 (one-tailed) (J. Hair, Hollingsworth, Randolph, & Chong, 2017; Joseph F. Hair, Risher, Sarstedt, & Ringle, 2019). Furthermore, the t-table value is used as a cut-off value to accept or reject the proposed hypothesis.

Table 5 shows that all hypotheses of this study have been accepted, with the most significant influence falling on the influence of halal literacy on Islamic spirituality 94,205. Furthermore, the second most significant influence was on Islamic Spirituality on the Commitment to Halal Practices of Indonesian Culinary MSMEs in the Production Chain of 35,608. Meanwhile, the halal literacy variable found a minor influence on knowledge of 15,814. The interpretation and implications of this research will be presented in the following subsection.

Table 5. Path Coefficients

Direct Hypothesis Impact	Path Coefficient	T-Test	P-Value	Decision
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(H1) Halal Literacy → Knowledge	0.784	15,814	0.002	Accepted
(H2) Halal Literacy → Attitude	0.873	31,811	0.000	Accepted
(H3) Halal Literacy → Islamic Spirituality	0.941	94,205	0.000	Accepted
(H4) Knowledge → Commitment to Halal Practices of Indonesian Culinary MSMEs in the Production Chain	1.094	27,789	0.000	Accepted
(H5) Attitude → Commitment to Halal Practices of Indonesian Culinary MSMEs in the Production Chain	0.974	20,667	0.000	Accepted
(H6) Islamic Spirituality → Commitment to Halal Practices of Indonesian Culinary MSMEs in the Production Chain	1.142	35,608	0.000	Accepted

## Discussion

This research has achieved its goal of exploring the influence of halal literacy that encourages the knowledge, attitudes, and spirituality of Culinary MSME owners on Indonesian Culinary MSMEs' commitment to standard halal practices in the food production chain with SEM analysis techniques. In particular, H1 tested the effect of halal literacy on the knowledge of Indonesian Culinary MSME owners, which showed positive and significant influence results. This finding concludes that halal literacy will form the basic understanding of Halal MSME owners, such as the concept of halal in Islam and science, the urgency of consuming halal products, regulations on halal certification, government support for halal certification, halal as a global lifestyle, to procedures for detecting or ensuring halal products. . Increasing halal literacy will increase understanding of the relationship between halal culinary products and its role in encouraging an increase in business profits as an implication of Muslim people's trust in the halalness of their culinary creations.

Further research on the effect of halal literacy on attitudes postulated in H2 shows an influence of positive significance. Increasing halal literacy can encourage the realization of halal culinary products in the community, which has implications for strengthening the halal ecosystem in Indonesia. Moreover, halal today is no longer a matter of fiqh in the context of halal versus haram only. However, the concept of halal has experienced rapid development related to sharia compliance or sharia compliance, as well as related to various fields of science or science, as well as the industrial world that is so dynamic. Moreover, culinary development in Indonesia is increasingly rapid with the many menu creations with new ingredients that sometimes contain illicit substances that must be identified with a comprehensive understanding of halal. Halal is clean, but clean is not necessarily halal. So the use of all raw materials must be ensured halal. In addition, halal comes from the direct food production flow and its supporters, such as business financing. If the funding is obtained from usury loans, the business, including the production process, has been running non-halal. This is according to the hadith of Prophet Muhammad SAW narrated by Bukhari, which reads:

*"There will come a time in mankind they no longer care about the way to obtain treasures, whether through lawful means or in an illegitimate way." (H.R. Bukhari)*

So halal literacy will give rise to the attitude of culinary MSME owners to drive their culinary business in a halal manner, both the main aspects of the product and supporting business operations.

The third hypothesis testing found the influence of halal literacy on Islamic spirituality on Indonesian Culinary MSME owners. This result has a special privilege because it becomes a hypothesis whose power is relatively high. This indicates that halal literacy increases the piety and obedience of Culinary MSME owners in Indonesia. Buying and selling halal culinary products is a form of effort to carry out akidah in Islamic law because this can provide blessings and good impacts on human life. It also shows that a person's interest in carrying out the halal culinary product process is based on his understanding of Islamic teachings that encourage their faith.

The results of the following hypothesis analysis (H4) show that the Path Coefficient SEM supports the influence of knowledge on the commitment of Culinary MSMEs in Indonesia to carry out halal practices in their production chain practices. When knowledge such as halal food requirements, which include not containing pigs, feces, blood, human organs, and khamr, ingredients derived from animals slaughtered with Islamic law, no contamination of



illicit materials or derived from illegitimate money have been understood by the owner of Indonesian Culinary MSMEs Well, in choosing and sorting out the food ingredients that the community will consume, they will do it even more carefully. MSME owners will be committed to running the culinary production chain with halal principles in an integrated manner, both raw materials, sources of funds, and the manufacturing process. The practice of halal culinary MSME operations is based on the scientific knowledge of Halal executives and their understanding of Islam, meaning that these executives focus correctly on the established Halal assurance system.

The results of the fifth hypothesis analysis are accepted, so it can be concluded that the Attitude of Indonesian Culinary MSME owners who understand the halal concept will support the commitment of Culinary MSMEs in Indonesia to carry out halal practices in their production chain practices. In the halal food production process, an honest attitude of Indonesian Culinary MSME owners is needed because the responsibility of halal products is not only in the world but also in the hereafter. A positive attitude towards compliance with the standard halal process in the halal food industry is proven as an internal halal committee that plays an essential role in developing, monitoring, and controlling the implementation of the halal assurance system based on the guidelines provided. They ensure the improvement of Indonesian Culinary MSME organizations' skills and knowledge, particularly regarding compliance procedures for doing Halal matters. They are responsible for every decision related to Halal practices during regular meetings. In addition, internal executive officers appointed as members of the committee were instrumental in raising awareness and understanding of the concept of Halalan thoyyiban throughout the company, implementing the demands of bi Amr al-ma'ruf Nahy wa al-Munkar in establishing Halal integrity; and, at the same time in managing and developing the basic needs of the Halalan thoyyiban application which acts as a Halal control and guarantee for the company internally.

In particular, H6 examines whether the Islamic spirituality of culinary MSME owners has a positive effect on the commitment of Indonesian Culinary MSMEs to standard halal practices in the production chain. Halal products are shariah justified and allowed, and the second halal has been changed. That is, it meets good criteria. For example, food must meet the requirements of food safety, hygiene, quality, and others. Halal content is a plus of tayibah. The determination of culinary MSME owners through spirituality is needed because of this commitment which will later maintain the halal process. The intention of getting a piece



of halal certificate is not enough because it can not last long. This commitment will affect honesty and documents' completeness and ultimately facilitate the halal certification process.

In halal certification, the principle of traceability of materials from upstream to downstream is known, which requires commitment. This is also true internationally. The origin of materials, processes, packaging, and post-production, such as logistics and distribution. This is known as the halal ecosystem. This also affects the inspection process. If all elements from upstream to downstream are owned by one belonging to Culinary MSMEs whose inspection is integrated, but if not then it must be traced whether each related part has a halal certificate. In the past, halal certificates were only valid for two years, but now they are suitable for four years, and among them, there is supervision. For renewal, submissions can be made at least six months before expiration.

### Conclusions

This study concludes that halal literacy is a driving factor for Islamic knowledge, attitudes, and spirituality in the commitment of Indonesian Culinary MSME owners to standard halal practices in the production chain. These studies form managerial, policy, and theoretical implications.

Regarding managerial implications, MSME owners must deliver halal literacy education to families and business employees. This is because business owners, families, and employees of the Halal MSME business must know halal literacy. In addition, like creating food products with new ingredients or combination recipes, culinary owners must ensure that the components or outputs of culinary product creations do not contain illicit substances. Business owners must ensure the control of raw materials and processes meets halal standardization to avoid the sin of selling non-halal but unknown food. Business owners should avoid capital practices by lending usury because it is the same as bringing business processes, including culinary production, to haram. So it would be better for culinary MSME owners to maximize personal capital, join the business with partners or invest, or if they are pegged, they can borrow through Islamic financial services. Finally, culinary MSME business owners must have a halal supervisor responsible for the production process. For micro-enterprises, there is still tolerance, and the owner can also be a supervisor. However, the supervisor must be separated from the owner in the future, so there is no *conflict of interest*. This supervisor will accompany when the halal auditor conducts the inspection, especially during the test in the field.



On the policy side, it is necessary to strengthen the role of the educational environment and surrounding religions to convey to the community about halal literacy through the procurement of halal literacy books in libraries and include halal literacy in religious studies or Islamic religious education learning. Through the Ministry of Religious Affairs, the government must hold a halal literacy campaign to ensure that people can understand the concept of halal because people can become police halal products in the middle of the market. The government must also be strict with culinary MSME owners who abuse halal certification as a frame, but food production does not follow existing halal standards.

This study has formed a beneficial contribution to the extraordinary science of Islamic economics in assessing the importance of the commitment of Indonesian Culinary MSME owners who move to follow the principles of halal standards to encourage Indonesia as halal tourism and a form of support for Islamic economy in Indonesia that is beneficial for the people. However, this study in the future needs to be developed into cross-country research with a broader scope of variables.

### **Acknowledgement**

Thank you to Bina Nusantara University for facilitating researchers to carry out significant research on the Halal Industry. Thank you to JSEAIS Journal for opening the space to publish this research.

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