

# Revealing factors hindering halal certification in East Kalimantan Indonesia

Sulistyo Prabowo

*Department of Agricultural Products Technology, Faculty of Agriculture, Mulawarman University, Samarinda, Indonesia, and Halal Products Research Institute, Universiti Putra Malaysia, Serdang, Malaysia*

Azmawani Abd Rahman and Suhaimi Ab Rahman  
*Halal Products Research Institute, Universiti Putra Malaysia, Serdang, Malaysia, and Faculty of Economic and Management, Universiti Putra Malaysia, Serdang, Malaysia, and*

Asnarulkhadi Abu Samah  
*Faculty of Human Ecology, Universiti Putra Malaysia, Serdang, Malaysia*

## Abstract

**Purpose** – This study aims to explore various factors that hamper halal certification in food service industries in East Kalimantan, Indonesia. World halal business as well as awareness in halal products and services consumption has been growing rapidly for the past few years. However, many industry players have not yet realized those huge potential concepts of halal business. Food service industries such as restaurants and caterings show less concern in putting priority on the issue of halal certification.

**Design/methodology/approach** – A qualitative data collection technique called nominal group technique (NGT) was used in this study. Four categories of stakeholders participated in this NGT to represent certifying body, consumers, industry player and government. Each category was given a fundamental question: “What factors are hindering restaurant and catering in East Kalimantan, Indonesia, in obtaining halal certification?”

**Findings** – The authors found that through NGT, the authors can obtain top priority issues to be followed up by the respecting institutions which are concerned. The lack of socialization and information have led to the lack of knowledge and awareness. This is the most important issue addressed by the participants.

**Research limitations/implications** – This research was conducted to collect data from various stakeholders in East Kalimantan Province of Indonesia. Considering the vast expanse of Indonesia and different level of development in each province, results of this study could not be generalized as Indonesia situation in general.



**Practical implications** – Halal certification in food service industry gains low interest from industries. This research presents hampering factors in various perspectives and offers some suggestions to overcome those issues accordingly.

**Originality/value** – It is hard to find research paper discussing halal management from the Indonesian perspective. This paper extends the use of NGT in halal management with the perspectives from many stakeholders in food service industries. It provides a relatively new finding from the Indonesian point of view.

**Keywords** Indonesia, Restaurant, Halal, Food catering service, Hindering factors, NGT

**Paper type** Research paper

## 1. Introduction

Notwithstanding the halal industry is getting much attention today, still it requires a lot of thorough study. Until now, halal is still often regarded as a problem that merely involves fiqh scholars (Wilson, 2012). Indeed, the matter of halal and *haram* is one of the fundamental laws/concepts in Islam. For some people who do not speak Arabic, halal is usually often associated with a variety of food which is allowed to be taken based on Islamic laws. Beyond food and drink, the concept of halal actually covers much broader meaning including behavior, action, speech, attitude, cloth, cosmetic and medicine (Al Jallad, 2008; Kocturk, 2002; Wilson, 2014a, 2014b). In a broader term, halal is also seen in Islamic banking and hospitality industries development (Ab Rahman *et al.*, 2009). Muslims put the issue of halal and haram in every aspect of human life.

In line with the fast growing of world's halal business (Wilson, 2013), Indonesia is mentioned as "The Hidden Treasure" to expose its huge potential market in halal business (Wilson *et al.*, 2013). This is supported by the fact that Indonesia is the biggest Muslim country in the world. Along with the improvement in economic and political conditions, there are emerging educated middle class that are easily adaptive to the global developments, but they are still keen to hold the traditional Islamic values (Wilson *et al.*, 2013). Muslim consumers' awareness in Indonesia in obtaining products which should be in accordance with their belief was also expressed by Gayatri and Chew (2013). This consumer's growing religious awareness certainly drives producers or industries to assure consumers with providing halal labelled products as selling point or branding (Wilson and Liu, 2010). Thus, halal label stamped on products is one of the factors which attracts Muslim consumers in deciding a purchase.

As a matter of fact, as an expression of concerns to consumer protection, MUI through LPPOM MUI has established an integrated system in halal assurance on food, drugs, and cosmetics since 2012. By introducing this system, business stakeholders are expected to participate in halal product certification. Also, by implementing the system, Muslim consumers have choices and obtain adequate information about products they are consuming.

Indonesia, whose 87.18 per cent of its population are Muslim, is known as a country with the largest Muslim population in the world. However, the huge number of Muslim population is not in line with the development of food and halal business. The huge potential of halal business in this country has not been fully realized by the industry players, as indicated by the low number of halal certificates issued by Majelis Ulama Indonesia (MUI, The Indonesian Council of Islamic Scholars). For instance, as of January 2011, only 36.73 per cent consumer products are halal certified (Wilson *et al.*, 2013). In the ready-to-eat food sectors, such as restaurant and catering, the number is far less than

that. To date, not many hotel kitchens, restaurants and caterers in Indonesia adopt halal assurance system. According to the data released by LPPOM MUI (*Lembaga Pengkajian Pangan, Obat-Obatan dan Kosmetika Majelis Ulama Indonesia* – The Assessment Institute for Food, Drugs and Cosmetics, The Indonesian Council of Islamic Scholars), less than 10 per cent restaurant are halal certified in Indonesia (Sari, 2011). In addition, data compiled by the authors from various sources shows that only a few numbers of hotels and restaurants have been halal certified by the MUI. Of 1,084 starred hotels in Indonesia, only around 2 per cent are halal certified, while of 2,916 total restaurants, only 7 per cent are halal certified (Prabowo *et al.*, 2012). This fact is in agreement with the findings of Ahmad (2013) in his observation through 67 restaurants in Jakarta. Even worse, Mulyaningsih (2004) found that around 22.9 per cent of the products in Jakarta practiced halal fraudulent, in which they put halal logo without approved by halal certification.

The lack of participation in halal assurance system cannot be separately seen from some likely factors derived from various sides in business chain. This paper focuses on the factors that act as obstacles for restaurants and catering service in East Kalimantan, Indonesia, in adopting halal assurance system of HAS2300. The data were collected using the nominal group technique (NGT). The use of this technique allows the researcher to reveal various stakeholders' perception toward halal certification in food service industry and list the priority factors.

### *1.1. Indonesia's halal assurance system*

The term of halal within Indonesia law system can be found in Food Law No. 18/2012; Consumer Protection Law No. 8/1999; Government regulation on Food Labelling and Advertising No. 69, Health Law No. 23/1992; and Livestock and Animal Health Law No. 6/1967. Various scandals, such as "lard issue" in 1987-1988, "MSG" in 2000 and pork meatball recently, show how sporadic is the policy of government in implementing and enforcing halal assurance system (Wiyono, 2013).

In Indonesia, halal labeling or halal certification process is performed by LPPOM MUI. Since March 2012, it has officially introduced halal assurance system series, namely, HAS 23000, which is a compilation of the rules in obtaining halal certificate from the LPPOM MUI (2012b). HAS 23000 is an integrated management system which is arranged, implemented and maintained protocol to organize material, production process, product, human resources and procedure to keep the continuity of halal process production according to the requirement imposed by the board of certification through halal assurance standard documents (LPPOM MUI in the HAS 23001 documents). HAS 23000 summarizes the regulations that has long been run by LPPOM MUI in performing tasks assigned by the MUI since 1988. As a standard, halal assurance system also contains a series of document encompassing the scope, definition, requirements, compliance, and so on. The standards are also sorted through consensus, transparency, and openness that refer to international standard allowed. Halal assurance system also contains the rules, guidelines and regulations (LPPOM MUI, 2012b). HAS 23000 has also been recognized internationally and become a reference in some other countries (Wilson *et al.*, 2013).

Implementation of HAS must conform to certain principles such as honesty, trust, participative involvement and absolute acceptability of the food as being halal. Honesty means an organization must explain specification of every single item used in the

production process within the industry, as it is mentioned in the HAS manual provided. Trust means the industry is given the authority to arrange, implement and maintain HAS based on real situation in the industry. Participative involvement mandates that the organization must involve all human resources within management and staff in maintaining the HAS implementation. Being absolutely halal means that all materials in the whole processes must be undoubtedly halal (LPPOM MUI, 2012a).

In food quality assurance, halal assurance system is considered relatively new compared to the existing quality certification such as HACCP (Hazard Analysis of Critical Control Points) and ISO series (ISO 9001:2000 or ISO 22000:2005), known as quality assurance system. As one of the quality standards, it is undeniable that there are some similarities and mutual adoption purpose in accordance with the interest of the industry practitioners. In some aspects, halal assurance system also differs from any other conventional quality assurance system. A key difference between the issue of quality and halal in a quality assurance system is predicated to the term of quality itself. In conventional quality system, the term “quality” is defined based on human consensus, whereas in the halal assurance system, it is based on the divine teachings of the Quran and other Islamic laws that explain it. Thereby, this is the most fundamental difference in the context of the main sources for driving guidelines to verify the quality of halal and quality of a product in the conventional definition.

### *1.2 Halal restaurant and catering in practice*

Based on the regional regulation No. 02 year 2009 in the Province of East Kalimantan, in this study, a restaurant is defined as a provider of food and drink facility with a fee or charge, which includes a restaurant, cafeteria, canteen, hawker stall, café, bar, catering services, and the like that pay tax to the government (Sekretariat Daerah Kota Samarinda, 2009).

Despite the global economic crisis, Indonesia economy remains stable and shows some positive developments in most sectors without exception in food industries sector (Biro Pusat Statistik, 2012), indicated by blooming restaurants and food business throughout the country. This phenomenon is driven mostly by an increasing number of both inbound and outbound tourists and lifestyle changing in urban families. Nonetheless, these promising sectors are not in line with the spirit of global halal development. Halal assurance system implementation seems still far away from this industry.

Given that there is no single adopted halal standard for food services, halal restaurant developments are varying across the countries (Van der Spiegel *et al.*, 2012). Food service industries adjust their market with prevailing local policies. For that reason, halal restaurant development cannot be separated from the development of local certifying institution (Marzuki *et al.*, 2012). New Zealand, for instance, although they realize that halal market is very important to their halal meat export, but it does not apply the halal policy to restaurant industries. In this country, outbound Muslim tourists are still deemed to be small enough to oblige to halal certification of their restaurant and it is not a business priority (Wan-Hassan and Awang, 2009).

The ability to innovate and adapt to new policy environment is always driven by the large and global companies. Similarly, the application of halal standard in the restaurant sector is only widely adopted by world-class companies (Ilyia *et al.*, 2012). Notwithstanding, some restaurateurs observe that halal means healthy, tasty, quality,

authentic, safe and hygiene products, and halal certificate could be a trademark and have a competitive advantage, but most restaurateurs stated that halal certification is a complex, costly and time-consuming process (Marzuki *et al.*, 2012).

### *1.3 Lesson learnt from other food quality system*

While immense research are conducted on food quality system, there have been very few publications on the halal assurance system implementation in the food service sector industry. As such, various quality assurance systems in the world have been used in this research as a reference to study the barrier in its implementation. Quality system certification is generally believed to have many advantages for food industries. However, there are always obstacles in the implementation of a quality system. Hazard Analysis Critical Control Point (HACCP) is one among them which has widespread acceptance. The HACCP institutes procedures to reduce or eliminate hazards through documentation and verification system. Notwithstanding, HACCP has been widely adopted by the food manufacturing industries in the hospitality and catering sector, yet, there have been concerns about the implementation.

Practical experience and review of the literature in the field of food safety suggests that success in implementing a system depends on complex issues that includes managerial, organizational and technical aspects. Those barriers include lack of management commitment (Hielm *et al.*, 2006; Baş *et al.*, 2007; Jirathana, 1998; Jin *et al.*, 2008; Wilcock *et al.*, 2011; Karaman *et al.*, 2012), lack of facilities (Baş *et al.*, 2007), lack of motivation (Baş *et al.*, 2007), no understanding to the system (Hielm *et al.*, 2006; Baş *et al.*, 2007; Karaman *et al.*, 2012), the absence of instructions (Baş *et al.*, 2007), lack of support from government authorities (Baş *et al.*, 2006; Baş *et al.*, 2007; Karaman *et al.*, 2012), not likely to change (Taylor, 2011), lack of a prerequisite program (Baş *et al.*, 2007), lack of knowledge, low of awareness (Karaman *et al.*, 2012), lack of financial resources and time (Taylor, 2011; Konecka-Matyjek *et al.*, 2005; Baş *et al.*, 2006; Jin *et al.*, 2008; Wilcock *et al.*, 2011; Shih and Wang, 2011; Karaman *et al.*, 2012), staff turnover (Baş *et al.*, 2006), too much work administration in documentation related to the administration and record keeping (Taylor, 2011; Konecka-Matyjek *et al.*, 2005; Hielm *et al.*, 2006; Karaman *et al.*, 2012), lack of training (Baş *et al.*, 2006; Baş *et al.*, 2007; Wilcock *et al.*, 2011; Karaman *et al.*, 2012), lack of competent personnel (Taylor, 2001; Shih and Wang, 2011; Karaman *et al.*, 2012), and the absence of guidance from experts or consultants (Wilcock *et al.*, 2011).

In the halal assurance system study, the publications on barrier to successful implementation is still limited in terms of numbers and depth. Studies conducted by Marzuki *et al.* (2012) and Wan-Hassan and Awang (2009) offered some insights on perception of restaurant operators on halal certification, but it was a set up in the Malaysian context. Thus, a study that focuses on Indonesia is urgently required due to the differences in the level of economics, dynamicity of the industry and the rules and policy of the government. Apart from the fact that this study would focus on Indonesia, the development of the halal industry is considered slow in this country (Wilson *et al.*, 2013).

## **2. Methodology**

In this study, data collection was conducted using a qualitative method called NGT. The NGT is highly structured and involves no preliminary discussion, yet, it provides an

opportunity to achieve a substantial amount of work in a relatively short time (Williams *et al.*, 2006). The NGT was effectively used in many research area and purposes such as health (Miller *et al.*, 2000; Williams *et al.*, 2006), education (Perry and Linsley, 2006), computer science (Lago *et al.*, 2007; Dowling and St. Louis, 2000) program planning (Stephenson *et al.*, 1982) and problem identification (Elliott and Shewchuk, 2002; MacLachlan, 1996; Hegedus and Rasmussen, 1986).

The NGT is believed to be able to offer the best solution to reveal voices from the silent community (Jefferson *et al.*, 2010; Anderson and Ford, 1994). It is said so since using this method, each idea, opinion is taken into account and allows rise of a hybrid idea, which is often considered better than the initially proposed idea. In addition, Indonesian ordinary people are typically silent and gaucherie in forum or public space. They do not like to be seen as being self-assertive in the group discussion, in which, very often, potential individuals are shadowed by the vocal ones who dominate the dialog (Swasono, 2003). In such a situation, the NGT would allow an equal opportunity to all participants to express their own opinion and this may reduce the bias because, as opposed to traditional voting, each idea in NGT is equally considered. The final result will be treated as a collective conclusion. Compared to other group-based methods, the NGT also offers a highly structured process in decision-making with democratic style in a short time achievement (Potter *et al.*, 2004; Williams *et al.*, 2006).

The NGTs were conducted four rounds with four different categories of participants (according to the type of stakeholder) at different time, in conjunction with various moments held by LPPOM MUI of East Kalimantan Province. The four categories of participants were certifying body, industry, consumers and the government. Each category of participants consisted of several groups, while group of NGT comprised several participants. Category of certifying body consisted of one group, namely, Group A1. Meanwhile, category of industry was made up two groups of NGT, namely, Groups B1 and B2. Category of consumers was broken down into three groups of NGT, namely, Groups C1, C2 and C3, whereas category of government consisted of only one group, namely, Group D1 (Table I).

The first round of NGT with the certifying body was held before the monthly meeting scheduled at the LPPOM MUI's office. It was conducted with nine participants from the members of *halal* certification body. The participants are an auditor and board management of LPPOM MUI Province of East Kalimantan. They are professional in their field consisting of eight master's holders and one doctorate degree holder.

The second round of NGT with industry was done two sessions, in which 11 and 16 participants were present in the first and second round, respectively, consisting of industrial personnel in food services, such as manager, owner and or chef of restaurant

Round	Category	Session	Group	No. participants
1	Certifying body	1	A1	9
2	Industry	1	B1	11
		2	B2	16
3	Consumers	1	C1	9
		2	C2	12
		3	C3	
4	Government	1	D1	8

**Table I.**  
NGT categories and  
groups

and food catering service. Previously, they were participants in Halal Assurance System Training, a two-day training which was regularly carried out by LPPOM MUI. First training was held in Samarinda, while the second one was held in Balikpapan. Participants were informed by post invitation, phone and also by words of mouth information through their organization, such as *Perhimpunan Hotel dan Restoran Indonesia* (Indonesian Hotel and Restaurant Association) and *Asosiasi Pengusaha Jasaboga Indonesia* (Indonesian Food Service Association).

The third round of NGT with consumers was conducted three sessions, in each of which, three different groups presented consisting of 9 to 12 adult random consumers with various background occupations.

The fourth round of NGT with government was carried out with eight governmental officers from various provincial and municipal offices. For this purpose, 25 invitation letters were sent but only 8 officers were present in the session. This NGT was held in the LPPOM MUI office located in Samarinda. The participants who attended the NGT session are representatives from Ministry of Trade and Industry, Ministry of Health, Ministry of Agriculture, Ministry of Religion Affairs, Ministry of Cooperation and Middle and Small Scale Industries and, lastly, Food Security and Counselling Office of Samarinda.

The NGT began with introducing the researchers, explaining the aim of the program and procedure of data gathering and valuable participants' role in obtaining those data. All groups were given the same question: "What are the factors that hinder restaurant and catering in Indonesia in obtaining *halal* certification?" The written question was displayed on the projector slide and viewed by all participants. The purpose of giving such a question was to elicit various responses from different point of views from certifying body, business players, consumers and government. Then, the participants were given 5 minutes in a quiet environment to independently think their responses to the question. Every attendant was given five pieces of blank card to jot down their response in a key word or concise idea. The response cards were then attached on the board in front of the room so it was able to be viewed by all audience. The participants were encouraged to add more ideas until there were no more new ideas.

Every proposed response was considered as group's properties, so that there was no right or wrong answer. To explore those given ideas, participants were asked to clarify their own opinion and not to judge the others' ideas. If there were the same ideas, the groups were asked to combine them and gave a proper theme representing those combine ideas. At the end of this session, groups came up with a list of theme that answered the question.

The last step from the NGT process was ranking and prioritizing theme. Participants were given a piece of paper to work independently to arrange the theme in an ascending order from the most urgent to the least urgent priority by numbering them consecutively. Papers were collected and total votes were counted. The total vote is sum of individual assessment in each theme. This total vote divided by the number of participants in respective NGT will indicate the mean ranking. The lowest score represented the most important theme in this issue, while the highest one indicated the least important theme.

In this study, the NGT process was conducted after the gathered participants were informed about the consent. Each session of NGT approximately took time in 1.5 hour.

### 3. Results

#### 3.1 The certifying body

Several key themes were clearly reported in the list nominated by this group (see Table II). These themes are drawn from their experience when dealing with industry players. For most administrators and members of certifying body, the most obstacles encountered in enforcing the rules of halal certification are the absence of government laws and regulations that require the implementation of halal assurance system. The absence of such rules leads to lower participation in government agencies to disseminate to the public, which accordingly cause lack of awareness of producers and consumers toward halal issue.

In this halal issue, the absence of government's rules is referred to the absence of their firm law and regulation to oblige business players to implement halal certification. This group assumes that the government shows less concern in supporting the implementation. Lack of consumer's awareness is caused by poor knowledge and understanding regarding the importance of halal certification. Certification agencies argued that in the situation where the consumers have sufficient awareness, they will highly demand the halal items in products they purchase, and thus it will be the trigger for businesses to conduct halal certification for their products. On the other hand, the lack of public's awareness to the halal assurance to the products they are consuming will eventually lead to undemanding market for the producers. As long as the consumers do not inquire about halal-labeled products, the businesses consider it is not necessary to be halal certified. In other words, they assume that halal certificate does not provide a selling point of their products for consumers nor a significant advantage for their businesses.

They also pointed out that lack of socialization and dissemination about the halal certification and the certifying body leads to the circumstances that their existence and authority are not widely known by business players. They added that activities currently being conducted to disseminate are still limited to tedious formal speech, which tends to attract low interest and participation. They also highlighted that many of business players underestimate the halal certification, as without the certificate, their businesses are running well. In addition, the business players fear that being halal certified will harm their business. In their opinion, no consumers' demand on halal certificate is one of business-makers' excuse for not being halal certified. Widespread misconception among business-makers regarding the halal certification process, such as time-consuming, costly and difficult process, is one of the factors due to which they

Priority	Theme	Total vote	Mean ranking*
1	Legal formal	14	1.56
2	Consumer awareness	27	3
3	Lack of dissemination (socialization)	29	3.2
4	Business player awareness	30	3.3
5	No need and confusing	45	5
6	Inflict negative impact to industry	48	5.3
7	Raw material availability	59	6.56

**Note:** \*items rated on a scale of 1 to 7 (1 = very important to 7 = very unimportant)

**Table II.**  
Priority theme of the  
factors hindering  
halal certification  
from certifying  
body's point of view  
(Group A1)



hesitate to conduct the process. The other hampering factor in perspective of certifying body is constraints of halal raw materials availabilities the business makers are dealing with.

3.2 *The industry*

To sufficiently investigate factors hindering halal certification from industrial points of view, the NGT was conducted two sessions at different places and time, with different groups of food entrepreneurs. In general, the industry revealed six themes, such as socialization and information, financial, certification procedure, business prospect, implementation and social culture (see Table III, Group B1 and Group B2)). During the session, both groups agreed with the main issue that the most hampering factor in halal certification process is the lack of required information, such as the benefits of being halal certified, procedures and requirement for being halal certified. Misconception also existed in businessmen’s perspective regarding halal certification, certifying body and the government role. Although Indonesia’s halal certification is performed by non-governmental organizations (i.e. LPPOM MUI), some of them are assuming that halal certification is the government authority and responsibility. Process of arranging documents for halal assurance system is challenging and requires not-so-simple documentation. Lack of information and insufficient supervision in the process lead reluctance to conduct certification process among most of the businessmen.

For businesses, their reluctance to comply with halal certification is mainly because of the lack of socialization and information they get about the importance of the halal certificate. This is caused by the lack of efforts from government, certification bodies and the media. In fact, the consumers assume that all products sold in Indonesia is halal

Priority	Theme	Total vote	Mean ranking
<i>Group B1</i>			
1	Dissemination and information	17	1.54*
2	Financial problem	31	2.82*
3	Certification procedure	31	2.82*
4	Business prospect	37	3.36*
5	Implementation	49	4.45*
6	Social culture	66	6*
<i>Group B2</i>			
1	Lack of dissemination	36	2.25**
2	Not understanding the way and procedure	57	3.56**
3	Not knowing the importance of halal certification	75	4.69**
4	No mandatory regulation	79	4.94**
5	Difficult to get halal material	83	5.19**
6	Certifying body’s office is far away	100	6.25**
7	Expensive cost	108	6.75**
8	No internal control within industry	111	6.94**
9	Fear with the mandate and responsibility	115	7.19**
10	Time-consuming process	116	7.25**

**Table III.**  
Priority theme of the factors hindering halal certification from an industrial point of view

**Notes:** \* Items rated on a scale of 1 to 6 (1 = very important to 6 = very unimportant); \*\* Items rated on a scale of 1 to 10 (1 = very important to 10 = very unimportant)

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guaranteed. In terms of business prospects, because there is no demand from the consumers, the halal certification will add no benefit except incurring the cost to their production. In the implementation of halal certification in the business, halal certification is considered difficult and complicated, expensive and unclearly procedural. Meanwhile, to date no parties provide them assistance and consultancy in the matter of halal issues. For the catering industry, inadequate facilities, changes in menu and lack of commitment from the owner because they are not ready to be audited. However, some businesses admit that their unwillingness to do the halal certification because their products are still using materials that they are still uncertain about the halalness status. Even, on the other hand, they are very confident of the halalness of their products.

The second round of NGT with the business category was held in Balikpapan, a city about  $\pm$  200 km away from the capital. In the event, the same theme was also still emerging. Lack of socialization, uncertain procedure and detailed documentation requirements remain the major obstacles in halal certification. Halal certificate is still considered to be not so important for in the catering industry, most of the consumers prefer the superior taste and the low price. During the NGT, distance was the factor mentioned to be one of the reasons businesses do not perform the certification. The process of certification requires interested parties to come to the office of certifying body for application. In fact, they have to travel a great distance, particularly for a business person whose office is located relatively far from the provincial capital to arrange their certification, while office of certifying body is located in the capital city. In early stages, to attend the training they need to provide cost and allocate specific time. Likewise, if they request a direct consultation with certifying body, a lot of efforts should be done in advance. Alternatively, they can consult via available online services the body provides. Yet, it still seems not helpful since they are not familiar with the Internet. Thus, the geographical distance becomes the second constraint in their perspective.

Ignorance toward the importance of the halal issue also became the third biggest obstacle in the efforts to promote halal food service sector. The group is still assuming that the food taste is more important than the issue of being halal certified. This fact arises from the condition of consumers who are more concerned with the taste and the price rather than halal assurance. Catering business will be in great demand if the businessman is able to provide superior-tasted food with affordable price. The sociocultural misconception among the society assumes that every Muslim producer will certainly produce halal products, and thus halal certification should not be necessarily inquired.

The absence of a compelling rules were also said to cause them not to be worried for not being halal certified. Business players admitted that such a condition forms an attitude of not willing to bother with something considered not profitable for their business. The next hampering factor is the availability of raw materials that meet halal requirements. In the supply chain, they obtain raw materials from suppliers. As their products are desired to meet halal requirement, any raw materials from the suppliers that they use in the production must be ensured to satisfy halal requirement as well. Yet, at this point, the suppliers still cannot guarantee that their materials are entirely halal certified. Even if they have to seek substitute materials, they face difficulty.

Misinformation among the business persons regarding the costs for certification is also one of the hampering factors. In their opinion, most of them think that the cost of

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halal certification is expensive and not clear, while they doubt whether being halal certified benefits their companies.

In addition, for business persons who embrace a relatively firm understanding of religion, there is also a reason for not performing the halal certification because of fear of the responsibilities they must embrace to ensure halal products. In their opinion, as long as there is no control within the industry to guarantee halal in all the products, then they do not dare to make an agreement for halal certification. However, this seems an excuse rather than a religious opinion because based on the right understanding, not having guarantee that no non-halal material is inserted into their products then distribute them among Muslim societies is certainly considered as wrongdoing.

The last thing that becomes a barrier in halal certification is an uncertain and unnecessarily long time required for the purpose. During the NGT session, some business persons complained about vagueness of the procedures and time required to perform halal certification.

### *3.3 The consumer*

The third round of NGT with consumers category was conducted three times with different groups (see [Table IV](#), Group C1). Just like the previous groups, the theme that emerged was also still about the government regulation, socialization, consumer knowledge, bureaucracy, priority, consumer's awareness, product status and cost. Most consumers felt that the government lacks interest to protect consumers. The role that they expected is the dissemination of information and law enforcement. In addition, they also assumed that there are some businessmen who are dishonest to obscure the halal status of their products. They also realize that the customs and culture value also affects the implementation of halal certification.

The third round of NGT with the consumer categories was held three sessions. In the second and third session ([Table IV](#), Group C2 and Group C3), new theme emerged about food processing. They argued that possibility of foreign chef's involvement might be there, particularly in hotels or restaurants with non-Muslims ownership. It is possible that they can interfere the implementation of halal assurance system.

### *3.4 The government*

Participants involved in the fourth round of NGT were civil servants of the relevant agencies, although some of them are not in the decision-maker position nor regularly updated to the development of halal issue in the country. Hence, during the discussion, they did not know exactly their role and authority regarding halalness policy. It was ironic when they were questioned about the role of local government into their work area. The government came up with 10 themes (see [Table V](#)).

Lack of public awareness becomes a central issue in the discussion, followed by administration of bureaucratic complexity. The absence of legal sanctions also emerged from this group. It is an ironic perception where Muslim population is the majority the halal certification is not necessarily enforced.

This group also assumed that the procedure to obtain halal certificates is complicated. This general misconception cannot be apart from the lack of socialization. Thus, lack of understanding in obtaining halal certificate leads to misunderstanding in application procedures. Moreover, the competences of human resources in this sector is not much supporting.

Priority	Theme	Total vote	Mean ranking
<i>Group C1</i>			
1	The government regulation	26	2.89*
2	Dissemination (Socialization)	32	3.56*
3	Consumer's poor knowledge	38	4.22*
4	The government's bureaucracy	38	4.22*
5	Halal certificate not a priority	41	4.56*
6	Consumer's low awareness	47	5.22*
7	Non-halal product	59	6.56*
8	Self confidence in its <i>halal</i> status	60	6.67*
9	Cost	64	7.11*
<i>Group C2</i>			
1	Admittance procedure	27	2.25**
2	Lack of the government's monitoring	30	2.5**
3	Lack of dissemination	36	3**
4	Cost	55	4.58**
5	Consumer's lack of awareness	57	4.75**
6	Type of products	73	6.08**
7	Food processing	75	6.25**
8	Illegal market	79	6.58**
<i>Group C3</i>			
1	Lack of information and socialization	25	2.08***
2	Lack of the government's monitoring	36	3***
3	Certification procedure	37	3.08***
4	Government's rule	45	3.75***
5	Cost	61	5.08***
6	Ownership	80	6.67***
7	Food processing	91	7.58***
8	Muslim community	92	7.67***
9	Culture	96	8***
10	Advantage consideration	97	8.08***

**Table IV.**  
Priority theme of the  
factors hindering  
*halal* certification  
from consumer's  
point of view

**Notes:** \* items rated on a scale of 1-9 (1 = very important to 9 = very unimportant); \*\* items rated on a scale of 1-8 (1 = very important to 8 = very unimportant); \*\*\* items rated on a scale of 1-10 (1 = very important to 10 = very unimportant)

The absence of legal sanctions as well as obligations becomes the determining factor to the lack of interest in endeavoring halal certification. There are also allegations that businesses are afraid of asking the halal certification because of their non-halal products. Therefore, in case of being inspected and found to be not halal, it would harm their businesses.

### 3.5 Agreement among categories of participants

The distribution of items/themes from each group are compared and analyzed. Some of the themes raised by the group are still able to be combined so that they appear as 11 important themes. There are some agreements among the groups as depicted in Table VI. In general, the themes that emerge can be grouped into two main themes, namely, internal factors and external factors.

All the themes that emerged in the NGT were purely the brainchild of the participants without any intervention from the researchers. Agreement among them shows how important this theme to be paid attention for.

**4. Discussion**

This study was conducted to gather any information regarding the factors that hinder restaurant and catering in East Kalimantan, Indonesia, in obtaining halal certification. The NGT approach can effectively reveal some important factors from issue being discussed.

It shows that some different theme can be repeated by different groups in different session. Repetition by using several diverse participants can also generate more meaningful information (Elliott and Shewchuk, 2002).

**Table V.**  
Priority theme of the factors hindering halal certification from the government's point of view (Group D1)

Priority	Theme	Total vote	Mean ranking*
1	Lack of awareness	27	3.37
2	Complicated and difficult bureaucracy	35	4.37
3	Lack of dissemination (socialization)	36	4.5
4	Sanction	40	5
5	Cost factor	42	5.25
6	Lack of knowledge	43	5.38
7	Lack of knowledge of the procedure	45	5.63
8	Local government is passive	49	6.13
9	Lack of human resources	58	7.25
10	Fear of getting caught if any unconformity with halal	65	8.13

**Note:** \*Items rated on a scale of 1-10 (1 = very important to 10 = very unimportant)

**Table VI.**  
Agreement theme of the factors hindering halal certification among different categories of participants

Item mentioned by group	Categories of participants in agreement							Total agreement
	Certifying body A1	Consumer C1 C2 C3			Industry B1 B2		Government D1	
<i>Internal factors</i>								
Business player awareness	✓	✓	✓		✓	✓	✓	6
Management constraint	✓		✓	✓	✓	✓	✓	6
Financial constraint		✓	✓	✓	✓	✓	✓	6
Type of products		✓	✓	✓	✓			4
<i>External factors</i>								
Lack of socialization and dissemination	✓	✓	✓	✓	✓	✓	✓	7
Lack of government's role	✓	✓	✓	✓		✓	✓	6
Lack of consumer's awareness and demand	✓	✓	✓	✓				5
Certification procedure	✓	✓		✓		✓	✓	5
Raw material availability	✓			✓		✓		3
Social culture			✓	✓	✓			3
Certifying body						✓	✓	2

Lesson learnt from other certification system reveals some aspects that hinder the certification process, as already mentioned earlier. In general, the difficulties in many certification systems are almost similar. To label halal for a product requires the inclusion of the source and type of raw materials, acquisition, processing methods, transport and storage (Riaz and Chaudry, 2004). In other words, to assure that products are halal certified, it must comply with integral halal supply chain management (Tieman *et al.*, 2012). For most of sub-sectors within the food industry, it is believed that applying the principles of halal to products is often difficult. These difficulties may result from the factors both internal and external.

#### 4.1 Internal factors

Internal factors are defined as factors that emerge within the organization occurring whether at the administrative level or worker. These internal factors, in this study, comprise some aspects, as explained in the following paragraph.

*4.1.1 Lack of knowledge and awareness of the industry players.* Almost all the groups put the issue of lack of knowledge and awareness as the most important issue as a factor inside the institutions which hinder their effort to meet halal standards. Religion understanding which is owned by the entrepreneurs are still limited in performing routine daily ritual. Introducing the concept of halal assurance system to them is something new so it needs long time frame to accomplish. This fact can be understood, as based on research by Aris *et al.* (2012), that even in relatively highly educated people, a specific concept in Islam is still not widely understood.

The lack of awareness is also worsened by the lack of socialization and dissemination of information provided by either a certifying body or government. In addition, in the predominantly Muslim environment, in which they perceive themselves as a Muslim community, they tend to be less concerned about halal matter because they think what they take is undoubtedly halal (Wilson and Liu, 2010). Salman and Siddiqui (2011) and Rajagopal *et al.* (2011) also discovered the same facts.

According to Wan-Hassan and Awang (2009), the low interest of restaurants to do halal certification is caused by the lack of information about the halal concept required by the industry. Aris *et al.* (2012) emphasized that concepts related to halal and haram are not well-informed to Muslim yet. The same issue also raised by Marzuki *et al.* (2012). In traders' understanding, being halal is understood merely as food with no pork content. If the product does not contain any pork, than it should be considered as halal (LPPOMMUI, 2013). Poor knowledge and skills about the standards is also found in the implementation of food quality certification such as HACCP and Environmental Management System (Baş *et al.*, 2007; Chan, 2008, Karaman *et al.*, 2012).

In this study, entrepreneurs' indifference is caused by several things such as their ignorance of the importance and benefits of halal certification, no significant difference to the income or the fear of losing money. For some people, the halal certificate is not required because they are convinced that the product is certainly halal or otherwise, fear of getting caught that the products are not halal.

*4.1.2 Management constraint.* Management constraints are related to many of the intertwined aspects, such as weak commitment from senior administration or top management and lack of employee motivation. The same facts were also found by Baş *et al.* (2007), Chan (2008) and Karaman *et al.* (2012) in other quality assurance system. This is because the management is not convinced with the outcome benefits of

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implementing the new system. According to Wilcock *et al.* (2011), these management problems are also associated with obstacles to make time to understand the system, compile, execute and perform training to transform employee's old habits. The workers also need time to adjust to the new rules altogether. This situation is sometimes also complicated by new labor exchange or employees who are well-trained quit the job or resign.

In the NGT with industry, some participants from the hospitality sector strongly feel rapid turnover of personnel in the kitchen, while they are the most competent in the application of halal assurance system.

Food services are faced with many problems, such as high employee budget, lack of skilled labors and high competition tense. Keiser *et al.* (2000) believed that ability to adjust with such high-tense situation is the best approach to cope with problems. All food service components must be coordinated in right manner to achieve the goals. Eliminating the barrier, as well as increasing the qualification of organization, is the best way to adopt a new system (Chou *et al.*, 2012). In the halal certification issue, there are still many people who are directly involved in the food supply industry but do not know the ingredients that are forbidden in Islam, even though they are Muslims. It is also inseparable from the rapid development of food science and technology.

Most of the participant of NGT with industry were high school graduates or diploma with strict working hours. Very rarely did they get the training or education in the field of food that is specifically related to shariah (Islamic law). In discussions during the NGT, they acknowledged that the lessons and curriculum they had learnt were more oriented to style and flavor, but nothing about halal matters.

As a relatively new system, halal requires new policies and parameters that are not simple compared to other management systems. Halal management requires a broader approach including ethics, sustainability and human values (Tieman *et al.*, 2012). This causes the halal certification is considered difficult, complicated and unclear.

*4.1.3 Financial constraints.* Financial issue associated with high cost expenditure, especially in the early stages of implementation, is often used as an excuse to deny the certification (Baş *et al.*, 2007; Ragasa *et al.*, 2011). There is no doubt that to apply the certification, it will imply some additional costs to purchase new facilities and provide a modification guide and maintenance. They are considered necessary for adapting to the system to be in practice. Another additional cost is also applied if experts or consultants from outside the company are needed.

The cost constraints are also experienced by entrepreneurs when it comes to animal-derived ingredients such as meat and chicken. To ensure the halal status, they should buy from suppliers that have been halal certified, which are relatively more expensive. In this issue, Tieman *et al.* (2012) stated that the application of halal assurance system requires attention to the possibility of increased costs and increased risks that may be incurred by the supplier.

Similar to the implementation of food quality certification, the implementation of halal assurance system requires physical repair and renovation of the company. Baş *et al.* (2007) emphasized that the repair and renovation of the factory environment are required to prevent the products from being contaminated. This will result in additional

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costs to be spent. In this case, many food dealers are, therefore, not able to meet the requirement (Karaman *et al.*, 2012).

Infrastructure constraints in the hotel's restaurant environment are even more complex. This is due to the availability of two different standards in the hotel management. Rules of international starred hotel standards require bar for serving alcohol drinking, while halal assurance system prohibits it. To accommodate these two different interests, the hotel should then provide two totally separate restaurants, which will again incur more additional expenditures.

*4.1.4 Type of product.* Applying the provisions of halal assurance system means that halal is an absolute and it must not be mixed with the slightest of illicit goods (LPPOM MUI, 2012a). The question posed in this NGT enables a definitive answer because the product itself is not halal. It can be caused by materials used that are not halal or it not clearly known about their halal status. The management staff of some hotels that are willing to certify halal admitted that they are facing facility constraint because they still have to provide alcoholic beverages. On the other hand, they do not have separate premises for a halal-certified restaurant.

#### *4.2 External factors*

External factors are defined as the factors that emerge from outside of the companies or organization. There are seven themes that emerged, as described below.

*4.2.1 Lack of dissemination information and socialization.* This theme appeared in all NGT groups. Information regarding the procedures and requirements for halal certification is deemed insufficient. Industry obtains the information only through events held by the certifying body. In the early discussions with the certification body, it was acknowledged that socialization programs are still very limited due to budget constraints. These activities are usually carried out if there is demand from industry or upon requests from other parties. Even, many of NGT groups of consumers still do not know about the authorized body to conduct halal certification. Socialization has not effectively utilized the existing mass media for the purpose. In disseminating the information, it seems that they are rarely involved in the mass media, neither printed nor electronic.

According to Marzuki *et al.* (2012), halal certification is very important and a new tool to improve their market and show their uniqueness in quality. Unfortunately, this great advantage of halal certification does not broadly conveyed to many food service industrial players due to lack of dissemination and socialization about the advantages and importance of halal certification.

*4.2.2 Lack of government's role.* In certifying body's point of view, support from the government was deemed as the most important factor to strengthen halal certification. This could be in the form of policy-making and law enforcement. Even though the majority of Indonesians are Muslims, halal food certification is still believed as voluntary matter in business. It does not mandate food manufacturers to provide halal products. Yet, those who wish to use halal label on its products must be halal certified by a certifying body to ensure the authenticity of its halal status and it is legally accountable.

Sarter *et al.* (2010) observed that the obstacles in implementing the halal certification are partly influenced by the government role. Government regulations that are not well-integrated and outdated, weak monitoring, lack of law enforcement in suppression



and punishment for violations are some to be mentioned as the root cause of industries' low interest in the quality certification process. Soesilowati (2010) and Wahid (2012) also pointed out that the absence of the government's role has led the halal certification to be insignificant.

Noordin *et al.* (2009) found three main parties in the halal certification process, namely, the government, halal certifying bodies and the public (both consumer and industries). Unfortunately, these three actors are still in doubt about their roles in halal certification (MUI, 2009). In Indonesia, the halal policy was done partially. Halal certifying authority is held by the MUI, but the latter lacks coordination with the government agencies. As a non-governmental institution, MUI has no legal power to enforce the law and rules in the event of violation. Without the full support from the government, MUI is, likewise, lacking the ability to disseminate and socialize the program to the community (Faradina, 2011). Soesilowati (2010) noted that the role of government to promote and control halal food is slightly insensitive. The role of MUI is limited. Poor coordination with government counterparts is mentioned as a leading cause to misgiving. The absence of such a crucial role causing MUI's halal certification is understood as being not obligatory by many players in food industries. All of these issues have caused the implementation of halal policy ineffective (Saifullah, 2008).

Furthermore, Chou *et al.* (2012), in his research on restaurant managers' attitude in adopting green practices, concluded that their decisions are much more influenced by the external factors than the internal ones. Most restaurants will adopt the new system when there is enforcing regulation and or rewards that can overcome the risk and cost. Van Hooft *et al.* (2006) argued that in a "collective culture" such as Islamic society, where adhesion to the groups is higher than individual interest, it will efficiently change their behavior with a policy that affects the groups.

*4.2.3 Low of consumer awareness and demand.* Public society involved in halal assurance system can be categorized into two groups, i.e. consumer and industry. Both of them cannot be excluded from the development of halal certification. If we reflect from any certification cycle, then it all started from a need and demand from consumer to get protection of their rights as a consumer. Yet, consumers are typically less concerned about halal issues and rarely question about halal status of a product being sold. This prompted the producers' (industry) refusal to get halal certification and to take this matter into consideration accordingly.

In a discussion with a group of consumers, they admitted to never ask about halal status of the food they buy, especially if the seller is using the Muslims or Muslim symbols. Similarly, many businesses in the catering sector still underestimate the halal certification issues. Some events due to underestimation of this halal matter in the past have caused industry to experience great loss (Girindra, 2008; Fischer, 2008). Although legal sanctions have not been applied in Indonesia, social sanctions as a result of the widespread hearsay of illicit substance use has undermined consumer confidence to particular product.

*4.2.4 Certification procedure.* As mentioned earlier, due to lack of information, a lot of businesses are not well-informed about the procedure to perform the halal certification. Even if they have correct information, then, there are many requirements that they must complete, one of which that needs to be much taken into consideration is the preparation of halal assurance system standards.

The halal standard fulfillment by industry players can be quite challenging. [Bon and Hussain \(2010\)](#) and [Wan-Hassan \(2007\)](#) viewed that the players in the industry, mainly the non-Muslims are very challenged with all kinds of information about halal they have received. Frequently, they consult about their problem with the wrong person, albeit in the right institution and could not get satisfying answer. Some other barriers are concerned with the use of standard terminology, instructions and manuals that are not easily understood by the industry players ([Baş et al., 2007](#); [Sarter et al., 2010](#); [Karaman et al., 2012](#)).

Lack of professional guidance is sometimes a barrier to an organization implementing a certification. [Ragasa et al. \(2011\)](#), [Wilcock et al. \(2011\)](#), and [Chan \(2008\)](#) found that professional guidance from outside the company is very much needed in performing quality standards implementation. It is necessary to clarify the various terms and procedures that are still felt new for the company owner to begin the implementation. The existence of a consultant can reduce administrative constraints in allocating their time and energy to organize documents. Constraints in this respect may be more serious for halal certification because not all operators can understand the principle of *halalan thoyyiban*, which fits the Quran and Sunnah.

*4.2.5 Limited suppliers of raw materials that meet the requirements.* Halal assurance system requires that each material used in the production process must be free of *haram* substances, or in other words, they must be wholly halal. In many cases, an obstacle faced by the industry is the limited availability of halal certified suppliers of raw materials. Common example in food service is the use of meats in their main menu. Meats are very critical point in halal certification process, so it needs halal status from the recognized certifying body. In fact, not all the meats available in the market are backed up with a legitimate halal certificate and not all abattoirs are halal certified.

Likewise, import of processed materials that do not have halal documents is also another case. There are still a lot of canned products used by the food service industry which are imported and not halal labeled. Business players are often confused when they will apply for halal certification while no halal labeled substitute for the products.

*4.2.6 Social and culture.* For the majority of Indonesian people who are Muslims, they tend not to pay attention to the halal status of the products they consume. Although halal matter is their priority, they still have tolerant attitude toward eating at places that have not yet been clearly halal certified. Eventually, this situation causes lack of demand from consumers to producers to provide assurance of halal products.

Discussions with the consumers also raised the fact that there has been a shift in Indonesian people's lifestyle following that of the western people of not considering the use of materials that are not clearly halal. Another thing that also arose in the NGT session is the fact that the Indonesian people are very diverse and some of catering and restaurant ownerships are non-Muslims. Markets are also segmented into Muslim and non-Muslim; thus, they feel no need to make halal certification. [Wilson and Liu \(2010\)](#) also proposed in using the halal term need to align with social and culture in local situation.

*4.2.7 Constraints from the certifying body.* Quality of service is also a determining factor for businesses to take a decision to perform halal certification through authorized certifying body. Distance and communication barriers also become barrier hindering

factor in halal certification to be taken into account. With a range of reasonable judgment, to date LPPOMMUI as the only authorized halal certifying body only formed in the capital of provincial level. Given the coverage on the vast area of East Kalimantan Province, transportation and infrastructure constraints cause the distance to be significant obstacles in obtaining halal certification.

Certification is usually done by a certifying body as a third party to the requesting company. In a country that only admits one official certifying body sometimes the ability to perform the validation process is not balanced by the number of applicants (representing industrial entrepreneurs/companies) who need authorization. This creates a long waiting list and frustration (Badruldin *et al.*, 2012; Noordin *et al.*, 2009). In this case, the problem is not necessarily stemmed from the certifying body, but it is also caused by the applicants who are not adhered to the basic instructions, which results in the prolonged process.

Another important factor is the quality of service provided by the certifying body. Lack of empathy and the failure to meet consumers' needs have made the industry players reluctant to follow the certification process (Badruldin *et al.*, 2012).

## 5. Conclusion

The results of this study reinforce what was presented by Wilson (2012) that it is clear that stakeholders in the halal issue confronted with a variety of themes. Unfortunately they still do not have agreement how to face and to find solution together (Wilson, 2012). Halal is fully adopted as merely a certification tool and thus low involves of people mind set (Wilson, 2014). Through this research emphasizes the need of planting halal paradigm into the Muslim awareness (Wilson and Liu, 2011).

The use of NGT method is an appropriate way to achieve the objective of this study efficiently. From four different stakeholders, we can draw detailed list of factors hindering restaurant and food catering services in East Kalimantan, Indonesia, in obtaining halal certification. This information can be used as a suggestion to respective bodies to overcome these barriers. The government, for example, needs to establish some regulations and give a conducive atmosphere in supporting halal law enforcement. The certifying body, in cooperation with the government needs to boost their effort in socializing and delivering information to enhance public knowledge and awareness. They also should provide a convenient procedure of obtaining a halal certification.

This study used NGTs which was carried out separately in four different stakeholders. Thus the results obtained from this study is based on an assumption in a particular group's perspective to another one. Therefore, it is necessary for further research to bring together all four stakeholders in one forum to clarify and confirm perception of each party.

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### About the authors

Sulistyo Prabowo is a Lecturer at the Department of Agriculture Products Technology Faculty of Agriculture University Mulawarman Samarinda, East Kalimantan Indonesia. Got BSc in Food

Science at the Institute for Agriculture INTAN Yogyakarta, MSc Food Science and Technology at the University of Gadjah Mada and MPH in Nutrition Program at the School of Public Health & Tropical Medicine, Tulane University, New Orleans, USA. Currently he is a PhD candidate in the field of Halal Food Management Halal Product Research Institute of Universiti Putra Malaysia through Kaltim Cemerlang Scholarship. He is interested in the field of quality management and food safety. Sulistyo Prabowo is the corresponding author and can be contacted at: [sulprab@gmail.com](mailto:sulprab@gmail.com)

Azmawani Abd Rahman is an Associate Professor and Deputy Dean of the Faculty of Economics and Management Universiti Putra Malaysia. Getting a BSc in business administration from South Alabama, MSc in Strategic Management from Universiti Putra Malaysia and a PhD in Technology and Operation Management from Aston University, UK. Doing many researches in the field of supply chain management, halal product management, advanced manufacturing technology management and active in a variety of academic and writing in a variety of journals.

Suhaimi Ab Rahman is an Associate Professor and Head of Halal Policy & Management Section at the Halal Products Research Institute, Universiti Putra Malaysia. He has BA in Islamic Law from the Al Azhar University, Egypt, MCL in Laws at International Islamic University, Malaysia, and PhD in Laws from University of Wales, Aberystwyth, UK. His expertise include comparative laws, halal products laws, legal history, Islamic law, commercial, obligations, Islamic banking, secured transactions and guarantees, and he active in a variety of academic and writing in a variety of journals. He received Excellent Service Award from Universiti Putra Malaysia.

Asnarulkadi Abu Samah is an Associate Professor in the Faculty of Human Ecology, Universiti Putra Malaysia. He has been involved in the field of community development and community organization. He was educated at the University until his Masters of Philosophy, before pursuing a Doctor of Philosophy at the University of Nottingham, UK, in the field of work qualitative methodology. His expertise applied in his research projects geared toward community development, community participation, organization and community empowerment.