

DETERMINE THE MODERATING ROLE OF GOVERNMENT SUPPORT ON THE INTENTION TO ADOPT HALAL: EVIDENCE FROM SMES IN INDONESIA

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BACKGROUND :

The increasing consumer demand for halal products motivates SMEs to prioritize and adopt halal practices. Increasing awareness of SMEs regarding the importance of halal certification to improve the competitiveness of their products in domestic and global markets (Giyanti et al., 2021). Consumers tend to prefer products with halal certification as a halal guarantee (Muslichah et al., 2020). However, the challenges SMEs face in adopting halal practices still need to improve due to several obstacles related to regulations, costs, limited resources, and technology (Ab Talib et al., 2015; Maryati et al., 2016). The number of SMEs in Malang City has reached around 8,000, and only 0.6 percent of SMEs currently have halal certificates. Therefore, government support is significant in encouraging halal practices among SMEs in Malang City. This study aims to determine the moderating role of government support on the intention to adopt halal, which is influenced by the following factors: religiosity, consumer demand, and expected revenue in SMEs in Malang City.

METHOD: This study uses a quantitative method with hypothesis testing. Data distribution using an online questionnaire with a Likert scale of 1-5. Data collection was carried out by researchers directly and in stages with the assistance of surveyors from the cooperative office in filling out the questionnaire; the number of data that met the criteria was 194 SME respondents in Malang City. To determine the influence of the moderating role of government support on the intention in adopting halal practices, the analysis technique used in this study is the Structural Equation Modeling Partial Least Square (SEM-PLS) analysis.

RESULTS & DISCUSSION: This study found that government support does not moderate the intention in adopting halal practices, which is influenced by the following factors: religiosity, consumer demand, and expected revenue. The findings of the direct influence that religiosity, consumer demand, and government support affect the demand for adoption of halal practices, while expected revenue does not affect the interest in adopting halal practices.

CONCLUSION: Religiosity, government support, and consumer demand influence the interest in adopting halal practices. However, in reality, government support has yet to strengthen the intention of SMEs in Malang City to adopt halal practices. The government needs to make clear policies and make it easier for business actors so the number of officially halal-certified SMEs increases significantly. The government needs to review the halal certification policy again; most SMEs in Malang City are still reluctant to carry out halal certification because they consider the cost of halal certification as a burden, as evidenced by the findings of this study where expected revenue does not affect the interest in adopting halal. This study aims to promote the enrollment of SMEs not registered for halal certification to obtain halal certification by increasing consumer awareness of halal products.

KEYWORDS : Government support, Small and medium enterprises, Halal practices.