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Challenges and ways forward for the Malaysian SMEs in the Halal food industry: a systematic review

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ABSTRACT

With its rich Islamic cultural heritage, Malaysia has been at the forefront of the Halal food industry, presenting opportunities and challenges for its small and medium enterprises (SMEs). This study offers a critical review of the multifaceted challenges faced by these SMEs in the competitive landscape of the Halal food sector. Through a review of 79 scholarly articles from Scopus and Google Scholar databases covering the years 2013 to 2023, we unearthed a spectrum of challenges. Key among them are inconsistent Halal standards and a labyrinthine certification process, compounded by barriers in international trade, financing conundrums, evolving marketing paradigms, innovation deficits, and branding complexities. In response, this research outlines strategies tailored for industry resilience and growth. Central to our recommendations is the imperative to bolster Malaysia's stature as a global Halal food nexus, emphasising cutting-edge branding techniques, leveraging the potential of e-commerce, and strategically positioning for increased Halal food exports. Drawing these insights, the study furnishes SMEs, researchers, and policymakers with a roadmap for industry evolution and underscores the importance of research in this domain.

Keywords: Halal food industry, SMEs, challenges, strategies, Malaysia

INTRODUCTION

Situated amidst a rich blend of cultural and ethnic diversity, Malaysia boasts a majority population adhering to Islamic principles. The country is firmly dedicated to protecting Muslim rights by building a competitive Halal industry and becoming a potential leader globally. The Halal food sector's impact on Malaysia's economic landscape is evidenced by its substantial contribution to its gross domestic product (GDP), accounting for approximately 7.4 per cent in 2022 [1].

Central to Islamic principles is the emphasis on Halal food sources, which are pivotal in shaping Muslim well-being and behavior [2]. The burgeoning demand for Halal products is anchored in Muslim consumers' increased awareness of their religious obligations, steering clear of haram foods as dictated by the Qur'an, Sunnah, and the consensus of Muslim jurists (Ijma). This awareness and socio-economic factors have transformed the Halal food industry into a standard requirement in domestic and international arenas [3]. The growing number of educated and affluent Muslims is linked to the increasing demand for Halal food [4], valued at USD 346.7 billion annually [5], and the global Halal market reached 3 trillion USD in 2023, of which Malaysia has captured 20 billion USD [6].

The global preference increasingly favours Halal-certified products, transforming perceptions from mere religious compliance to a symbol of quality. The Halal lifestyle is recognized as an economic force and a powerful marketing strategy for big corporations or SMEs. In Malaysia, SMEs are well-positioned to seize opportunities in the growing Halal sector, supported by the government's vision to position Malaysia as a global Halal hub [7]. The rise of Halal certifications, particularly in food commodities, has accelerated this trajectory in Malaysia [8].

Despite industry growth, SMEs in Malaysia's Halal food sector face challenges, including adhering to Shariah principles, processing standards, branding, logistics, and export barriers [9], [10]. With a rising global Muslim population and increased Halal food demand, the sector offers growth opportunities [11]. However, SMEs must overcome key structural barriers. This review explores challenges in Malaysia's Halal food industry, focusing on SMEs, and recommends potential strategies.

HALAL FOOD INDUSTRY

Halal, a term deeply entrenched in Islamic doctrine, signifies what is permissible. Within the domain of consumables, Halal food is defined as those that align with the stipulations set forth by Islamic law [12]. Beyond the religious tenets, the Halal certification process underscores meticulous standards that encapsulate hygiene, quality control, and strict adherence to the teachings of Islam [13]. This extends to raw materials, semi-finished goods, and even the equipment used in the food production chain, ensuring an uncompromised commitment to Shariah law [14]. To further solidify its sanctity, the production process must be supervised by a Muslim inspector endowed with the requisite knowledge and competence [15].

Diverse cultural landscapes and interpretations of religious beliefs have led to a multifaceted understanding of what constitutes 'Halal.' Consequently, this has birthed various Halal standards, wherein a certification from one Islamic authority might not necessarily gain acceptance in another jurisdiction [16]. This pluralism in certification is evident in Malaysia. As of 17th March 2023, the Department of Islamic Development Malaysia (JAKIM) recognizes 84 certification bodies spanning 46 nations [17]. The quintessence of Islam revolves around obedience to Allah's divine will and laws. This transcends rituals and forms the bedrock of a Muslim's daily life, encapsulating every action, including food consumption, as a devout act of worship. In its unique stance, Islam extends this sanctity to the commercial world, emphasizing the legitimacy of certifying, labeling, and branding goods and services, aligning them with the faith's teachings [18]. Continuing into the Halal food industry, Wilson [19] offers a comprehensive classification, dividing it into 11 categories based on commodities and consumption. These range from utilities and livestock to professional services and communication channels. While showcasing the industry's potential, such a broad spectrum is challenging. A significant concern stems from modifying the term 'Halal' in branding, which is often driven by profit motives. Unfortunately, this has led to food fraud in Malaysia, especially cross-contamination in meat-based supply chains, which has considerably eroded consumer trust in the Halal label [20].

As shown in Figure 1, in 2015, a total of 6,138 establishments in Malaysia obtained JAKIM Halal certification, exhibited an average annual growth rate of 13.0 per cent over the specified period with the gross output value reached RM 208 billion, indicating a yearly growth of 9.0 per cent [21]. In the same year, the value-added amounted to RM 42.2 billion, representing a significant increase from RM 23.9 billion in 2010 and highlighting an average annual growth rate of 12.0 per cent. Furthermore, the total exports of Halal products in 2015 amounted to RM 39.4 billion. Given the burgeoning potential of the Halal sector, it is unsurprising that Malaysia has been working continuously to expand and solidify its position in the global Halal market. With a commendable growth trajectory, Malaysia's aspirations in the Halal domain are further buoyed by the robust performance of its SMEs. Recognizing their potential, several national planning initiatives have been tailored specifically to cater to Halal SMEs. To further bolster this growth, a slew of agencies, including the Small and Medium Industries Development Corporation (SMIDEC) and Malaysian Outer Exchange Improvement Company (MATRADE), among others, have been instituted, working in tandem to support and execute government policies.

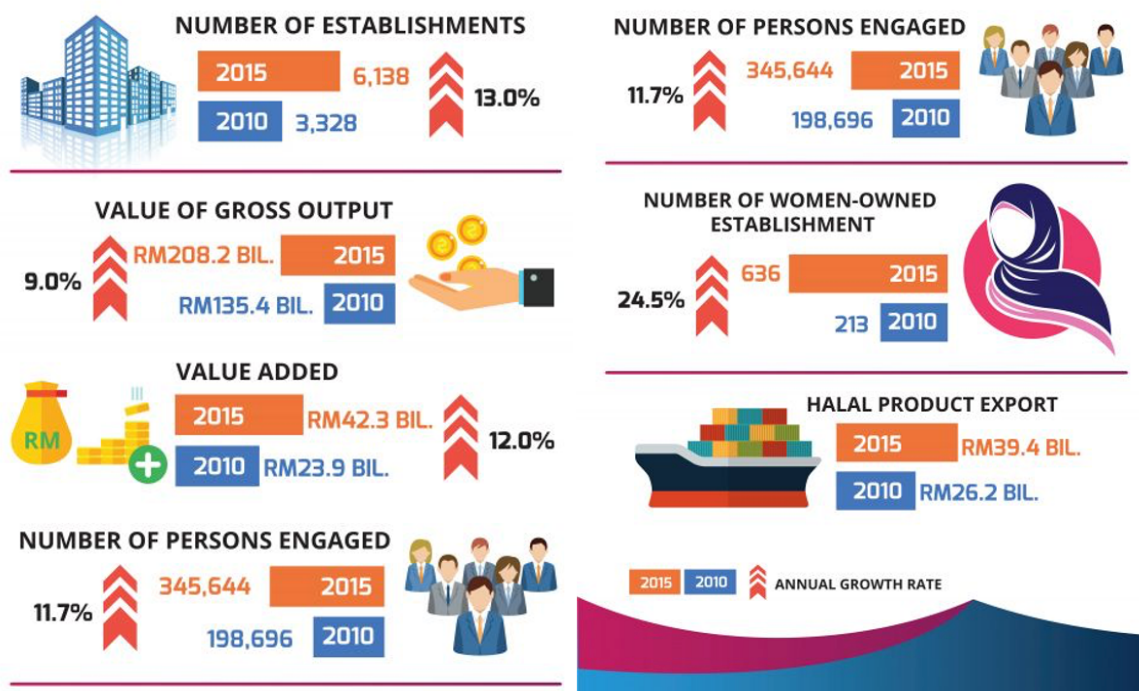


Figure 1 Malaysia Halal statistics, 2010 and 2015. Note: Source: Department of Statistics Malaysia [21].

SMALL AND MEDIUM ENTERPRISES (SMEs)

Tracing the origin of most global corporate behemoths reveals humble beginnings, often as SMEs [22]. Yet, the definition of SMEs is not universally constant. It is shaped by myriad factors, including annual turnover, equity, or workforce size, and is often tailored to each nation's economic and industrial nuances [23]. In Malaysia, the definition of SMEs is predicated on sales turnover and workforce size (Table 1).

SMEs form the foundation of Malaysia's economy, comprising 97.2 per cent of all business establishments, contributing 38.2 per cent to the GDP, and offering employment to 7.3 million individuals [24]. Their increasing importance in the Halal industry cannot be overstated, given their sizable contribution to the Malaysian economy and the potential to be forerunners of growth in the sector. Despite the optimism, challenges abound. A significant portion of SMEs in Malaysia, constituting 80 per cent, are Halal-certified. Yet, an alarming 75 per cent falter in their initial certification attempts, primarily attributed to gaps in understanding and preparedness [25]. This highlights the need for a more streamlined and comprehensible certification process. Furthermore, the increasing global recognition of Halal products, not just for their religious alignment but also for their safety and quality assurance, offers a lucrative market that Malaysian SMEs can tap into. Yet, doing so requires a dual focus: catering to the domestic market while casting an eye on international horizons [26], [27].

In short, the confluence of Malaysia's Halal industry and SMEs offers a distinctive blend of opportunities and challenges. As Malaysia strives to strengthen its standing in the global Halal market, the pivotal role of SMEs cannot be overstated. Successfully addressing the challenges, they encounter and leveraging their potential will shape Malaysia's trajectory for success in this domain.

Table 1 National Standard of SMEs in Malaysia.

Size	Manufacturing	Services and Other Sectors
Small	From RM300,000 to RM15 million From 5 to < 75 employees	From RM300,000 to < RM3 million From 5 to < 30 employees
Medium	From RM15 million to ≤ RM50 million From 75 to ≤ 200 employees	From RM3 million to ≤ RM20 million From 30 to ≤ 75 employees

Note: Source: SME Corporation Malaysia [28].

MATERIAL AND METHODOLOGY

To comprehensively understand the dynamics of SMEs in the Halal food industry, we embarked on a systematic exploration. This was strategically designed to unearth and analyse studies targeting SMEs operating within the Halal food sectors. The initial step involved deploying key search terms to streamline the research process. These terms encompassed “SMEs,” in conjunction with “Halal food industry,” "Halal industry," "Halal food SMEs," and "issues and strategies." This precision targeting was deemed necessary to ensure that the research yield was relevant and significant.

Two primary databases were chosen for this investigation: Scopus and Google Scholar. These platforms are renowned for their expansive collection of scholarly articles, ensuring a diverse and comprehensive pool of research material. Our primary focus was to identify papers centered on the operations, challenges, and prospects of SMEs in the Halal food industry, with a special emphasis on the Malaysian context. To ensure the research was current and pertinent, we confined our search to papers published within a specific timeframe, from 2013 to August 2023. This timeframe was carefully chosen to encompass the most recent trends, challenges, and developments in the studied industry. Our initial search, leveraging the keywords, yielded 186 articles.

For systematic organization and management of these scholarly articles, they were collated and stored using Endnote X7. Given the emphasis on comprehensiveness, our consideration set was strictly limited to published papers, either online or in print. We consciously excluded conference papers, books, book chapters, and published theses from our analysis to maintain the focus and rigor of the study. Post this, a meticulous screening process was initiated. Articles published outside the stipulated timeframe or not aligned with our core research interest were promptly removed. This rigorous vetting process considerably narrowed our research pool, leaving us with 79 articles. At this juncture, a collaborative approach was adopted. Each team member thoroughly reviewed these articles, evaluating them against our predefined inclusion criteria. Through this collective endeavor, irrelevant articles were manually culled, leaving us with a final set of 54 published articles (Figure 2).

To structure our findings and discussions, the selected papers were bifurcated into two dominant themes: challenges faced by SMEs in the Halal food industry (elaborated in Section 4.0) and potential strategies and pathways for their growth and sustainability (detailed in Section 5.0). This structured methodology ensured a comprehensive, relevant, organized exploration of SMEs in the Halal food industry.

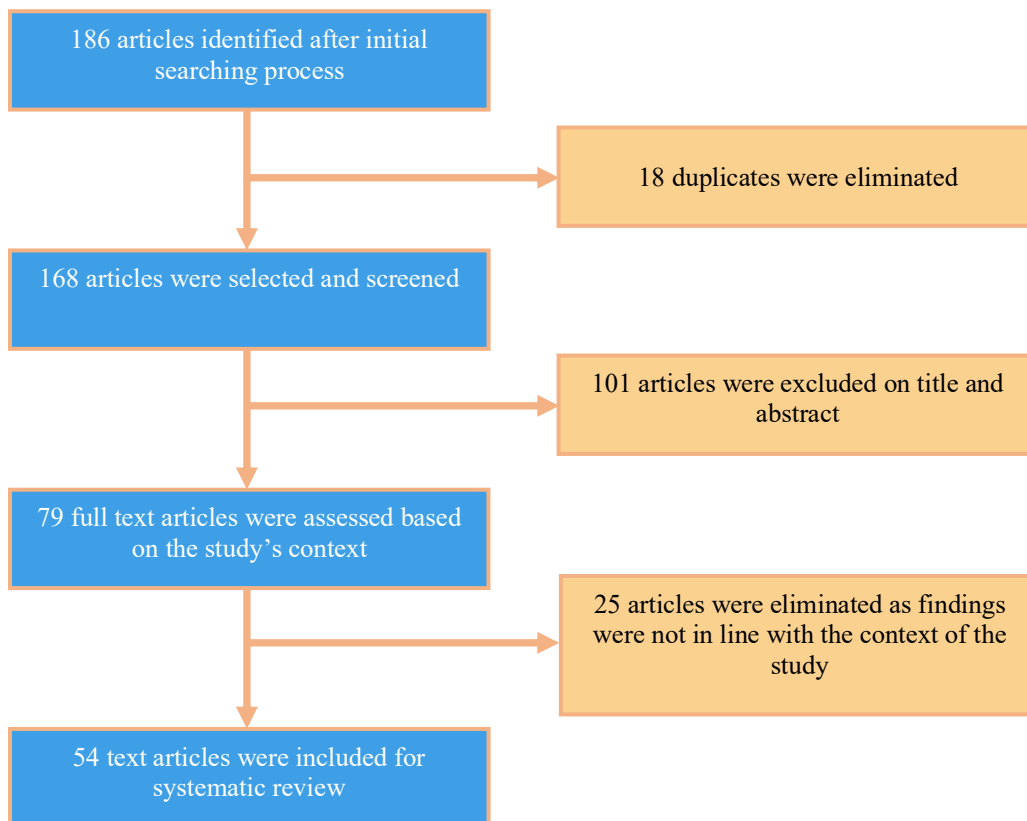


Figure 2 Article selection process.

RESULTS AND DISCUSSION

ISSUES AND CHALLENGES OF HALAL FOOD SMES IN MALAYSIA

The Halal food sector is experiencing swift growth within Malaysia and globally. However, several challenges hinder Malaysian SMEs from fully capitalizing on this burgeoning industry. This section delves into the primary obstacles encumbering these SMEs, focusing on Halal standards, certification, branding, financing, and marketing issues.

Ineffective Halal Standards and Certifications

The ambiguity surrounding Halal standards [29] is primarily because they are being developed by numerous government-affiliated organizations, private organizations, independent Halal certification bodies (HCBs), national standards bodies, regional bodies like the Association of Southeast Asian Nations (ASEAN), and the European Union (EU), and international organizations like the Standards and Metrology Institute for Islamic Countries (SMIIC) or Organisation of Islamic Cooperation (OIC) initiative. Finding a standard that would allow manufacturers access to the market is difficult, and exporters frequently need to acquire multiple certificates.

According to Tawil et al. [30], while Muslim Malaysian entrepreneurs have a positive impression of Halal cuisine, Malaysian SMEs have a negative perception of Halal certification. Even though serving Muslim needs requires Halal certification [31], the absence of an international agreement increases costs and potentially lowers value. Abdul-Talib and Abd-Razak [32] show that implementing an ineffective Halal system will immediately raise costs. Due to the need for universally recognized standards among certification bodies, Halal needs to improve international best practices. This frequently results in certification costs being duplicated and an increase in complexity. Malaysian Halal certification must adhere to general guidelines for producing, preparing, handling, and storing Halal foods that adhere to the most widely accepted and established standard to raise the bar further. Other requirements and provisions include the Malaysian Standard MS1500 GMP and GHP. Despite their contribution, SMEs are one of the business entities confronted with several regulatory obstacles, including Halal-standard regulations. Malaysia's SMEs will only be able to survive if Halal standards are upheld. SMEs can only obtain Halal certification if they uphold Halal standards. Zailani et al. [33] indicated that management should be crucial in ensuring that workers at all levels know Halal and how to comply with it. Businesses that comply with Halal requirements will produce products of higher quality than those that only adhere to conventional standards.

The increased interest in Halal certification and the Halal logo is a consequence of the rise in the sale of food and beverage items. JAKIM is the only recognized authority in Malaysia that has the authority to issue certain certificates; therefore, it is the only option. Although the validation term for the vast majority of Halal items is two years, many producers continue to use it after it has passed its expiration date. According to Majid et al. [34], this situation occurred due to the lengthy and rigorous renewal procedure, which resulted in new costs. Halal governance and operational efficiency have been affected by the (late renewal) procedure [35].

Another problem that JAKIM must deal with is the rapid pace at which the Halal logo is spread. This may be the case since JAKIM has yet to have a fully-fledged research and development department to test, evaluate, and conduct on-site inspections [36]. An external mediator enables the Halal application at a predetermined time. The Halal concept and traceability are closely related ideas; therefore, traceability promotes transparency, ensuring that information is accessible throughout the supply chain [37]. Malaysian authorities, for example, have conducted several enforcement programs since the Trade Description Act (TDA) passage in 2011. As a result, unrecognized Halal certificates have been discovered on the packaging of many food products and food manufacturers' properties. Halal certification is mandatory for SMEs that deal with Halal foods. Halal certification is required to earn the trust of Halal food consumers. For SMEs to be close enough to the worldwide Halal food market, they must also have Halal certification.

Moreover, the variations in Halal certification standards among different certifying bodies pose a considerable obstacle to the smooth operation of SMEs. For instance, while Malaysia follows its own standards, countries such as Indonesia [38] and Saudi Arabia have variations in permissible ingredients and processing methods. The impact of these inconsistencies becomes particularly evident when it comes to export-oriented SMEs seeking to enter global Halal markets. Different countries have their distinct Halal standards, which can pose difficulties for SMEs in Malaysia as they strive to comply with diverse and occasionally contradictory demands [39], [40]. This not only places a strain on the financial resources of these businesses but also hinders their ability to expand their market reach to a global scale. For instance, if a Malaysian SME adheres strictly to the Halal standards established by the Malaysian authorities, it might face challenges when trying to gain acceptance in markets with varying interpretations in global markets. Furthermore, the need for a standardized and widely recognized approach to Halal certification potentially erodes consumer trust. Consumers, both domestically and internationally, may have concerns about the authenticity and reliability of Halal-certified products when confronted with varying standards

[41]. This uncertainty can result in a decline in consumer confidence, adversely impacting Malaysian SMEs' market position and competitiveness in the Halal food industry.

Therefore, the process of certifying products as Halal needs to be streamlined to take less time and be more reliable. JAKIM is the official authority to issue credentials, so they must be more precise in their work. Most Halal products only have two years to be validated, so JAKIM needs to ensure that they are not validating products that are no longer compliant with their standards. They also need to improve the efficiency of the renewal process, and, as a result, manufacturers should see lower expenses associated with the renewal process, and the acceleration of the shift in the infrastructure will benefit the industry [42].

Substandard Packaging and Inadequate Branding

Small businesses also need help with packaging design, which is the primary obstacle in marketing small-capacity products. This is because small businesses are unaware of the impact of intellectual property protection. Hence, Omar [43] suggests that the aesthetics of a product's packaging play a significant role in determining whether it will pique the interest of potential buyers. Under intellectual property registration, operators can acquire information on these design elements. Packaging some low-quality goods is believed to demonstrate their superiority. However, poor packaging makes certain high-quality products less attractive to customers. Due to this, operators cannot expand the distribution of their products and compete with products already on the market.

Also, personal savings and family members' internal funds typically comprise the initial capital, which is usually very small. Lenders are unlikely to fund SMEs due to their high risk of failure. SMEs wishing to borrow money should expect to pay high-interest rates due to their higher risk profile [44]. Many people will only be able to qualify for the loan if lenders want collateral as a condition of approval. Because they cannot make monthly payments on their financing, some business owners may even be forced to give up and lose their businesses. According to Rao et al. [45], the overall financial systems of both developed and developing nations are heterogeneous. The structure of financial institutions, the lending infrastructure, and the equity market infrastructure significantly impact the availability of funds for SMEs. Financial institutions are more likely to deny SMEs credit, making it harder for them to get money from outside sources. Giyanti et al. [29] observed that SMEs need access to external financing to lessen the impact of cash flow issues. SMEs need funding to start and expand their operations, create new products, and invest in new staff or production facilities. Most SMEs are funded internally (through contributions from owners, friends, and family). SME survival and expansion often depend on adequate internal financing. Inadequate capital structure or lack of resources are blamed for many SME failures. Furthermore, Malaysian SMEs, particularly food and beverage manufacturers, must be infrastructurally and technologically ready to exploit the lucrative international Halal market [20], [46]. Due to the requirement for collateral, Islamic finance institutions need help to obtain loans.

Marketing Challenges and Innovative Capacity of Human Capital

Marketing challenges for SMEs could arise from the difficulty of tailoring promotional activities to foreign markets, offering technical and after-sales services, dealing with high transportation and insurance expenses, and delivering overseas inventories [47]. According to Measson and Campbell-Hunt [48], another key challenge internationalized SMEs face when promoting their products or services is acquiring access to new clients and potential business partners in other countries.

In addition, Razak et al. [49] reported that SMEs in Malaysia need more information on the marketing channel, which prevents them from developing marketing networks. Furthermore, they discovered that the main challenges SMEs in Malaysia face when trying to enter the international market are a need for more knowledge about marketing strategies, exporting, branding, customer loyalty, and maintaining good contact with local and international businesses. The study claimed that the use of low-quality raw materials, a lack of quality control, labor skills, and a lack of skill in after-sales service are additional contributing factors.

The success or failure of a small or medium-sized enterprise (SME) is often tied to the peculiarities of its owners, and a lack of marketing expertise is a major contributor to the sector's instability and short lifespan [50]. Therefore, it is contended that if a small business owner lacks the requisite skills or information concerning marketing challenges and utilizes those skills, the enterprise may collapse or, at most, will not be as prosperous as it might become. While every component inside a business is crucial, only marketing directly contributes to the profitability and sustainability of the business. Moreover, most of the workers employed by small enterprises need formal education. Thus, they needed help to obtain well-paid positions, and just one possessed a certificate from a post-secondary institution [51].

Lastly, one must possess diverse skills and knowledge relevant to the market's ever-changing characteristics to obtain and maintain a competitive advantage. This suggests that preparation for SMEs and other programs to support businesses should substantially impact leverage and boost competitive advantage by

supporting and promoting the efforts of the individuals involved. In short, the most important areas of expertise to develop include entrepreneurial marketing [52], followed by innovation and technology [53], leadership [54], and production management [55].

Structural Issues with the Financing of SMEs

There are structural issues with innovative SMEs' access to financing for three main reasons. First, innovation may be riskier to finance because of uncertain returns [56]. Only a small percentage of businesses typically experience significant growth following investments in innovative activity, and many products fail to be commercialized successfully or fail in the market [57]. There needs to be assurance that interest in innovative work (research and development) movement will lead effectively to new products. This problem of uncertainty may be especially acute for SMEs, who lack the scale to invest in multiple projects and thus risk "putting all their eggs in one basket".

Second, due to information asymmetries, banks may need help valuing innovative investments [58]. This is in part due to the uncertainties that were mentioned earlier. However, since innovative products are, by definition, brand-new, they necessitate specialized valuations like those provided by venture capitalists (VC). The abilities required to evaluate innovative investments can be highly sector-specific and distinct from those required for other SME lending and investment types. Compared to VC or other outside investors, banks are less interested in the value of the business and are less likely to finance innovation. A key criterion in the bank loan evaluation process is the judgment of "serviceability", or the capacity of an investment's cash flow stream to repay the capital and interest [59].

Third, new advancements could be highly context-specific [60]. Research-generated intangible capital may not be useful collateral outside the company [59]. For instance, a brand-new process innovation might only be helpful within the company where it is implemented. These factors could make it more difficult for innovative small businesses to obtain financing or force banks to charge more.

Finally, the Malaysian SMEs operating in the Halal food industry encounter various challenges, with a notable emphasis on financial management. One significant hurdle these businesses face is the limited access to financial resources, impeding their growth and long-term sustainability. These SMEs consistently need help in securing financial support from conventional institutions. This restricted access to resources poses a barrier to making crucial investments in technology innovation and market expansion [60].

Trade Barriers and Exchange Currency

Susanty et al. [61] highlight that trade barriers remain a formidable challenge for SMEs engaged in international operations. These barriers, often stemming from government-imposed restrictions on exporting and expanding into foreign markets, are collectively known as trade barriers. SMEs face a unique challenge in addressing these barriers, as they are frequently beyond their direct control [56]. Moreover, the vulnerability of SMEs to these obstacles is exacerbated by their limited economies of scale. This vulnerability manifests in a higher proportion of total exports being allocated to trade costs, further complicating their ability to operate in international markets effectively.

In addition to government restrictions, SMEs may face difficulties with currency exchange issues. For instance, when Malaysia's currency, the Ringgit Malaysia (RM), experiences weakness, SMEs find it more challenging to compete effectively in international markets [20]. The continuous process of globalization has undeniably made the global business landscape more accessible. However, despite this increased accessibility, many businesses, particularly those within the SME sector, lack the necessary resources and capabilities to successfully launch and sustain operations in highly competitive foreign markets.

Any impediment obstructing a company's efforts to establish, expand, or maintain operations abroad can be classified as an export barrier. These barriers can be broadly categorized into internal and external factors [62]. In the context of Malaysian SMEs engaged in the manufacturing and exporting Halal processed foods, the severity and prevalence of these export barriers pose significant challenges. Consequently, these SMEs need help to leverage their full export potential in the global market.

POTENTIAL STRATEGIES FOR A WAY FORWARD

To effectively address these challenges, it is necessary to implement a complete set of strategies that provide a road map for Malaysian SMEs operating in the Halal food market to navigate the complex landscape and unlock their growth potential. This assessment intends to give useful insights to stakeholders, policymakers, and industry participants who are invested in the sustainable growth of the Malaysian Halal food sector.

Strengthening Malaysia's Position as a Halal Food Hub

The government is strategically focused on expanding its portfolio of Halal products to enhance Malaysia's standing as an international Halal hub. Positioned at the forefront of the Halal food market, Malaysia is a moderate and progressive Islamic country boasting over 3,500 food companies, contributing to a total production value exceeding USD 9 billion [63]. In line with this ambition and recognizing the need for comprehensive infrastructure, Malaysia has established special economic zones known as Halal Malaysia Industrial Parks. These parks are integral to the nation's bid to become the world's leading centre for Halal food development. The Halal Malaysia Industrial Parks serve as dedicated zones designed to attract investments from both domestic and international sources. They offer specialized infrastructure, incentives, and support services tailored to businesses operating in the Halal industry. These initiatives aim to create a conducive environment for the growth and development of various Halal-related activities, encompassing Halal product manufacturing, processing, and distribution.

The government must lead additional initiatives to amplify the impact of these industrial parks. This includes establishing more Halal food parks, integrating Halal practices in slaughterhouses and transportation facilities, providing special import and export facilities, and instituting internationally accepted Halal laws. This integrated approach is important for Malaysia to foster a strong Halal ecosystem, ensuring sustained growth and prominence in the global Halal market. In addition, there are also opportunities to form strategic alliances with other businesses in the ASEAN region within the framework of cooperation in the ASEAN Free Trade Area (AFTA) [64], [65]. Malaysian enterprises should actively seek partnerships with these countries to exploit Thailand and Vietnam's much-reduced labor costs and extensive expertise in production, logistics, and export market penetration. This is predicated on the idea that a central location (or "hub") might be used to mass-produce Halal products. The end products of these reverse investment ventures can be marketed in Malaysia, or even the host nation can export them back to Malaysia or elsewhere.

Access to Resources and Global Market

To address the challenges of limited credit and resources, exploring various financing mechanisms, such as peer-to-peer lending, venture capital, or Islamic financing options is crucial. Additionally, fostering collaboration between SMEs and financial institutions to develop tailored financial products that meet industry needs can help overcome capital limitations [20]. Promoting government initiatives and support programs to facilitate SMEs' access to financing in the Halal food sector is also essential. This will create a conducive financial environment for long-term and sustainable growth. By addressing these financial obstacles through focused strategies and collaborative efforts, Malaysian SMEs in the Halal food industry can navigate complexities and seize opportunities [23].

Moreover, successfully entering international markets for Malaysian SMEs requires a well-thought-out strategy that considers different cultures, consumer preferences, and regulatory hurdles across multiple countries. Firstly, it is essential to grasp and adapt to a wide range of cultural subtleties [66]. Comprehensive market research is crucial for understanding the preferences, values, and communication styles of target audiences in various regions. Customizing products, marketing messages, and business practices to align with specific cultural norms and preferences is necessary. A versatile and customer-focused approach is crucial due to diverse consumer behaviors worldwide. Prioritizing market intelligence to deeply understand consumer behavior and preferences in different target markets [42], [60] is vital. Customizing products and services to cater to these needs will boost market acceptance. Secondly, SMEs must stay updated on local regulations, trade policies, and compliance requirements in every target country by creating a well-defined legal and regulatory strategy. Working with local partners can also help in dealing with administrative obstacles.

Expansion of Branding and Modern Marketing

The global interest in Halal food has been growing rapidly in recent years, and this is not because of a rise in the world's Muslim population but rather because the world has come to accept Halal certification as a guarantee of sanitary conditions and a systematised approach to quality assurance [67]. Many Halal food businesses would prefer to invest in branding even though awareness and understanding of the products and services they want to sell to the user are the most important [68].

Hence, SMEs must be prepared to embrace change challenges and adapt to modern and trending marketing strategies. Moreover, they should approach these strategies from various perspectives, extending beyond the purely technical aspects. The primary objective is to comprehend the goods and services SMEs aim to communicate to their customers. This can be effectively achieved through rebranding, which distinguishes a brand from its competitors in the market by cultivating a unique identity. Successful rebranding sets a brand apart but also aids SMEs in expanding their customer base [69].

In today's competitive marketplace, generating buzz requires promotional efforts. The market for Halal products can be significantly influenced by advertising campaigns across various media platforms, including newspapers, television ads, magazines, brochures, and any form of social media [70]. For burgeoning Halal food companies, leveraging these avenues is crucial to their growth strategy. In the contemporary business landscape, it is more critical than ever for enterprises to capitalize on the myriad free promotional opportunities social media offers [71].

In Malaysia's competitive Halal food business, SMEs must use successful branding strategies to create a unique and recognizable market position. A crucial strategy entails strongly emphasising authenticity and strict adherence to Islamic dietary guidelines, fostering consumer confidence. SMEs should strategically utilize digital platforms and social media to connect with their intended audience, demonstrating their dedication to maintaining high-quality standards and Halal purity. For instance, SimplySiti is a Malaysian cosmetics and skincare company that has effectively utilized social media platforms, especially Instagram and Facebook, to engage with its audience, showcase its products, and communicate its commitment to producing Halal and high-quality beauty products. They often share behind-the-scenes content, customer testimonials, and information about their Halal-certified products, creating a strong online presence and connection with their target audience [72].

Engaging in partnerships with influential individuals (e.g., social media influencers) or respected figures within the local community can enhance the exposure and reputation of a business. In addition, developing a distinctive brand narrative that emphasizes the cultural importance and traditional origins of Halal products helps establish an emotional bond with customers [67]. The brand's reputation will be further enhanced by ensuring transparency in the supply chain and acquiring required certifications. By continuously implementing these tactics, SMEs in the Halal food business can establish a specialized market segment and cultivate enduring relationships with their client base.

A Strong Emphasis on E-Commerce

To propel Malaysia as a global digital communication hub for the Halal food industry, the government must establish a dedicated electronic commerce (e-commerce) platform. This strategic move is imperative in the contemporary landscape where e-commerce surpasses traditional in-person shopping. The envisioned e-commerce system should function as the primary information repository for the Malaysian Halal food sector, ensuring that all data is reliable, consistently updated, and easily accessible online. Alternatively, the Malaysian government can strategically establish an e-commerce platform for the Halal food industry by fostering collaboration with existing platforms such as Shopee and Lazada. This partnership would leverage the widespread reach and technological infrastructure of established e-commerce platforms, streamlining the process of creating a dedicated space for Halal products. For example, in 2019, the Indonesian government collaborated with Tokopedia, one of the leading e-commerce platforms in Indonesia, to launch the "Halal Navi" feature. This feature aimed to help Muslim consumers easily find and purchase Halal-certified products [38].

To thrive in Malaysia's fiercely competitive Halal Food Industry, SMEs must strategically embrace e-commerce models to broaden their market reach and enhance overall business performance. Prioritizing investments in user-friendly and secure online platforms specifically designed to meet the unique requirements of the Halal consumer base is crucial. This involves integrating comprehensive product information, certification details, and seamless payment options. Furthermore, adopting a direct-to-consumer (DTC) e-commerce approach can empower SMEs to forge stronger connections with their customers and gather valuable insights for continuous improvements [73]. An exemplary case is MyBiz, a Malaysian B2B platform that links local food businesses with international buyers, experiencing significant growth in the Halal food sector. A strategic partnership with JAKIM ensures product listings adhere to Halal standards, attracting buyers from the Middle East and Southeast Asia. The success of MyBiz underscores the potency of B2B platforms in linking Malaysian SMEs with global Halal markets. Successful cases in related industries serve as examples, emphasizing the critical role of digital marketing strategies in enhancing visibility and effectively connecting with the desired audience [74].

Participation in e-commerce is crucial for the growth and expansion of Halal food SMEs, as highlighted by Hidayat et al. [75]. The prevalence of e-commerce platforms enables buyers to evaluate and rate products, creating a transparent system for informed consumer choices. Customer feedback becomes a valuable tool for sellers to refine and enhance their offerings based on market preferences. This bidirectional communication fosters a symbiotic relationship, enhancing product quality and customer satisfaction. By embracing e-commerce, buyers and sellers contribute to the growth of the Halal SME business, cementing Malaysia's position as a digital pioneer in the Halal food industry.

Increase in Halal Food Export

According to a study by Abdul et al. [76], globalization has facilitated companies' ease of entry into the global market. Given the substantial and expanding global Halal market, Malaysia needs to enhance its export presence by tapping into key Halal markets to meet the rising demand for Halal-certified products and services [77]. Giyanti et al. [29] reported that the Halal food and beverage business was valued at USD 1.173 trillion or 16.6 per cent of the global food and beverage sector in 2015. In 2021, its value surged to an estimated USD 1.914 trillion, constituting 18.3 per cent of the global food and beverage market. Furthermore, with approximately 16 million Muslims in Malaysia showing a growing interest in authentic Halal products, the country can boost its export potential and domestic demand. Capitalizing on the increasing spending power of consumers in other Muslim markets is key [63]. The demand for Halal products extends beyond the Muslim world, driven by factors such as the healthy lifestyles of non-Muslims and the emigration of Muslims to countries where they are not the majority.

Malaysia's Halal business has witnessed the emergence of new product categories, especially in non-Muslim nations, catering to the needs of Muslim consumers. The country's Halal industry benefits from membership in the OIC, where Halal certification is universally recognized. This positions Malaysia as a favorable first market for international exports, indicating promising prospects for the country's Halal business. Therefore, Malaysia must continue diversifying its Halal product offerings to meet the evolving preferences of Muslim consumers in non-Muslim nations [78]. This involves, among other strategies, research and development initiatives to identify market trends and consumer demands, investment in marketing and promotional campaigns, collaboration with international retailers and e-commerce platforms, and strengthening trade agreements and partnerships with non-Muslim nations to facilitate the export of Malaysian Halal products.

Stakeholder Collaboration and International Engagement

The Halal Food Industry in Malaysia thrives when different stakeholders work together, each playing a vital role in overcoming challenges. The government plays a crucial role in establishing and enforcing regulations that create a favorable business environment for SMEs, which includes regulations for Halal certification, financial incentives, and infrastructure support. Large industrial players serve a dual purpose in fostering SME growth by acting as catalysts for knowledge-sharing, providing networking opportunities, and advocating for shared interests [79]. Additionally, international organizations significantly contribute to global Halal regulations, fostering trade alliances and enhancing market entry opportunities for Malaysian SMEs.

The collaboration among these key stakeholders forms a comprehensive framework, ensuring the adaptability and success of SMEs in the dynamic environment of the Halal Food Industry in Malaysia. Notable industry bodies, such as the Malaysian Food Industry Council (MFIC) and the Halal Industry Development Corporation (HDC), are pivotal in facilitating collaboration, knowledge exchange, and collective issue resolution. These associations provide networking opportunities for SMEs, enabling them to leverage shared knowledge, enter new markets, and stay informed about industry developments. Furthermore, industry organizations actively promote sharing best practices among SMEs through regular discussions and joint initiatives. This support aids SMEs in enhancing competitiveness and overcoming common obstacles such as market access, technology adoption, and quality [79], [80].

For the growth and sustainability of SMEs in the Halal Food Industry, collaboration with global organizations and adherence to international standards are imperative. Malaysia actively collaborates with international bodies such as the World Halal Council and the OIC to establish consistent Halal standards, ensuring seamless market entry and recognition. Engaging in international trade fairs and agreements facilitates forming partnerships across borders, creating opportunities for SMEs to showcase their products and attract foreign investments [38].

CONCLUSION

The Halal food business in Malaysia has excellent potential for growth in domestic and international markets. With the Muslim population increasing rapidly, the Halal food sector offers great potential for SMEs in Malaysia to expand. SMEs can reach their full potential by meeting customer demands, entering the international market from within the domestic market, and receiving government assistance and support. While experiencing rapid growth, Malaysia's Halal food sector faces challenges hindering the full potential of SMEs. Ineffective Halal standards, certification complexities, substandard packaging, and limited branding awareness pose significant hurdles. Streamlining Halal certification, emphasizing universally recognized standards, and supporting SMEs in branding initiatives are critical steps. Structural financing issues, trade barriers, and marketing challenges further impede SMEs. Addressing financial constraints, tackling trade barriers, and providing marketing education are essential for SMEs to thrive globally. Enhancing human capital with training in entrepreneurial marketing, innovation, and production management is crucial for SME success. Strategies are proposed to navigate these challenges and pave the way forward. Strengthening Malaysia's position as a Halal Food Hub involves expanding

the Halal product portfolio, creating dedicated industrial parks, and forming strategic alliances within the ASEAN region. Additionally, emphasizing branding, modern marketing, e-commerce, and increasing Halal food exports is crucial for Malaysia's sustained growth in the global Halal market. Malaysia has taken numerous branding, marketing, and other initiatives to promote its Halal products. The government effectively controls Halal development initiatives using entities such as Jabatan Kemajuan Islam Malaysia (JAKIM) and the Halal Development Corporation (HDC). The way Malaysia has developed its Halal food business is quite astounding. Malaysia has had great success in this field on the domestic front and is ready to take its expertise to new markets abroad. Policymakers should promote internationalization to inspire SMEs, as it provides opportunities for expansion into new markets and, ultimately, greater profits. Malaysia can dominate this industry if its SMEs are better equipped with knowledge. Preferential treatment for SMEs could be offered through market development and funding, attractive incentives to stimulate increased export volumes, and efforts to streamline export procedures.

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