Strengthening Halal Business Governance through Awareness, Certification, and Trust

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Abstract

This study investigates how halal awareness and halal certification influence business governance among culinary SMEs in South Sulawesi, Indonesia, with trust in certification institutions as a mediating variable. Drawing on the Theory of Planned Behavior (TPB), the study employs Partial Least Squares Structural Equation Modeling (PLS-SEM) to analyze survey data collected from certified and non-certified SMEs. The results reveal that both halal awareness and certification have significant direct and indirect effects on governance practices. Trust in certification emerged as a strong mediator, highlighting its pivotal role in strengthening halal-based governance. This study extends TPB by introducing institutional trust as a mediator between behavioral beliefs and organizational practices. It adds empirical evidence to halal business literature by focusing on governance, rather than consumer behavior, within an SME context. The findings suggest that awareness campaigns and certification programs must be complemented by trust-building strategies to be effective. The study is limited by its cross-sectional design and regional focus; future research should explore longitudinal effects and sectoral comparisons.

Keywords: Halal Awareness; Halal Certification; Trust in Certification; Business Governance; SMEs

INTRODUCTION

Indonesia, as the country with the largest Muslim population in the world, possesses vast potential in developing the halal economy, especially in the food and beverage sector (Bernando & Ray, 2025). Despite the increasing awareness among consumers regarding the importance of halal products, the rate of halal certification adoption among micro, small, and medium enterprises (SMEs) in Indonesia remains relatively low (Prawiro & Fathudin, 2023; 'Aliyah & Wahyuni, 2024). This issue is particularly evident in regions such as South Sulawesi, which has emerged as a strategic hub for halal culinary business

development through the promotion of "Kuliner Halal Aman dan Sehat" (KHAS) zones (Amrullah, 2023; Nur Azizah et al., 2025; Putri & Husna, 2024; Kusumawati et al., 2024).

The lack of widespread adoption of halal certification among SMEs has been attributed to multiple challenges, including limited awareness, bureaucratic complexities, perceived high costs, and a general lack of trust in halal certification institutions (Ahmad Tarmizi et al., 2020; Pg Hj Idris, 2024). These issues hinder the implementation of effective business governance practices that align with halal standards. In this context, understanding the interplay between halal awareness, trust in certification, and the actual adoption of halal certification becomes critically important (Chavez & Vicente, 2024; Ab Talib et al., 2017; Wahyuni et al., 2024; Ismaeel & Blaim, 2012).

Prior studies have highlighted the significance of halal awareness and religiosity in shaping ethical business decisions (Jannah & Al-Banna, 2021; Zakaria et al., 2018; Mutmainah, 2018; Muslichah et al., 2019; Abdou et al., 2024). However, the link between these internal factors and external institutional mechanisms such as halal certification requires further exploration, particularly in terms of their collective impact on business governance (Sunmola et al., 2025). Trust, in this framework, is considered a key mediating factor that bridges the gap between awareness and action, reinforcing the behavioral intention to implement and sustain halal practices (Hasim et al., 2025; Afendi, 2020; Pratikto et al., 2023; Nohong et al., 2024).

This study adopts the Theory of Planned Behavior (TPB) to examine how halal awareness and halal certification influence the governance practices of SMEs (Prawiro & Fathudin, 2023; Subramaniam et al., 2016; Wan Nawang et al., 2023; Ali et al., 2018), with trust in certification institutions acting as a mediating variable. TPB serves as a suitable framework to analyze how attitudes, perceived behavioral control, and normative beliefs shape the behavioral intentions of business owners. By integrating TPB with empirical insights from halal industry research, the study seeks to uncover the mechanisms through which SMEs internalize halal governance (Ashraf, 2019; Laila et al., 2022; Dharsana et al., 2024).

Focusing on culinary SMEs in South Sulawesi, this research aims to analyze the influence of halal awareness and certification on business governance, while also examining the mediating role of trust in halal certification. The study contributes to both academic literature and practical policy by offering insights into how halal-conscious governance can be strengthened in the SME sector. It also provides empirical evidence that could support regional and national initiatives to promote a more transparent, accountable, and sustainable halal business ecosystem.

The urgency of this study is further emphasized by the increasing trend in consumer demand for halal-certified products, which continues to shape the competitive landscape of the food and beverage industry. Consumers are becoming more critical and selective, often associating halal certification not only with religious compliance but also with hygiene, safety, and quality assurance. SMEs that are slow to respond to this shift risk losing market share and public trust (Amrullah, 2023; Prawiro & Fathudin, 2023; Wahyuni et al., 2024).

From a regulatory standpoint, the Indonesian government has mandated halal certification through Law No. 33 of 2014 on Halal Product Assurance. While this legal

framework is a step forward, its implementation has faced delays and resistance from SMEs that lack resources or clear understanding of the certification process. This regulatory gap highlights the need for comprehensive studies that can provide actionable insights to accelerate halal compliance across business sectors (Karyani et al., 2024; Chavez & Vicente, 2024; Ardiantono et al., 2024; Hermansyah et al., 2025).

Halal certification is not merely a procedural requirement but a reflection of institutional trust and legitimacy. When SMEs perceive certification as burdensome or unreliable, they may resort to informal practices or ignore compliance altogether. This not only undermines the integrity of the halal ecosystem but also weakens consumer protection and international competitiveness.

Meanwhile, academic attention on halal business practices has grown, but empirical studies focusing on the governance dimension—particularly among culinary SMEs—remain scarce. Most existing research emphasizes consumer behavior, leaving a gap in understanding how halal values are operationalized at the organizational level. By targeting business governance as a key outcome, this study addresses an important omission in the literature (Sunmola et al., 2025; Sari et al., 2024; Kamarulzaman et al., 2021; Silalahi et al., 2021).

The culinary sector is especially relevant due to its visibility and direct engagement with consumers. Food establishments often serve as the public face of halal assurance, influencing perceptions and trust more than back-end supply chain activities. Therefore, governance practices in culinary SMEs carry broader implications for the reputation and credibility of halal branding in Indonesia (Silalahi et al., 2021).

South Sulawesi presents a unique context for this investigation, as it combines rapid economic growth, a high Muslim population, and active government promotion of halal zones. Yet, despite this potential, the level of halal certification adoption among SMEs remains inconsistent (Kamarulzaman et al., 2021; Nugroho et al., 2024). By focusing on this region, the study can yield insights that are both locally grounded and scalable to other provinces.

This research also responds to the Sustainable Development Goals (SDGs), particularly Goal 8 on Decent Work and Economic Growth and Goal 9 on Industry, Innovation, and Infrastructure. By promoting structured, ethical, and quality-driven governance through halal certification, SMEs can contribute to inclusive and sustainable economic development.

At the conceptual level, the study contributes by refining the application of TPB in a business governance context. While TPB has been widely used in consumer research, its extension into organizational behavior, especially within Islamic economic frameworks, is still underdeveloped. This research integrates variables like halal awareness and institutional trust to advance theory and practice.

Methodologically, the study employs a robust quantitative design using Partial Least Squares Structural Equation Modeling (PLS-SEM) to test a model that captures the direct and indirect effects of halal awareness and certification. The use of mediation analysis allows for deeper insights into how trust functions within the halal governance process.

Ultimately, this study aims to guide policymakers, business support organizations, and certification bodies in designing interventions that are more responsive to the needs and perceptions of SMEs. It advocates for a shift from compliance-oriented strategies to value-driven halal governance, where certification is embraced as a tool for integrity, innovation, and growth.

By examining the interrelationships among awareness, certification, trust, and governance, this research aspires to create a more enabling environment for halal adoption, one that is grounded in evidence and aligned with both market demands and religious values. In doing so, it contributes to the vision of Indonesia as a global halal hub founded on inclusive and ethical entrepreneurship.

LITERATURE REVIEW

Halal certification has become a significant focus in business governance research, particularly for small and medium-sized enterprises (SMEs) in the food and beverage industry (Ismail & Kuivalainen, 2015). This growing attention reflects the increased global demand for halal products and the recognition of halal practices as a benchmark for integrity, hygiene, and religious compliance in business. Studies highlight the importance of halal awareness in shaping managerial attitudes and decisions aligned with Islamic ethical standards (Primadasa et al., 2025; Purwati et al., 2021; Prawiro & Fathudin, 2023). In the context of Indonesian SMEs, halal awareness is not merely a matter of religious obligation but also a driver of operational excellence. It is often associated with personal religiosity and institutional trust, which are crucial for voluntary adoption of halal practices (Silalahi et al., 2021; Mutmainah, 2018; Laila et al., 2022; Pradana et al., 2024).

The Theory of Planned Behavior (TPB) by Ajzen (1991) has gained significant traction in halal-related studies, providing researchers with a robust framework to examine consumer behavior and decision-making processes (Memon et al., 2019; Wan Nawang et al., 2023). The theory posits that an individual's intention to perform a specific behavior is influenced by three key factors: attitude towards the behavior, subjective norms, and perceived behavioral control. In the context of halal consumption and certification, these factors can be applied to understand how both consumers and business actors form intentions to adopt halal principles. Researchers have found TPB particularly useful in exploring the complexities of halal consumer behavior across various cultural and religious contexts (Memon et al., 2019).

The theory's versatility allows for the incorporation of additional variables specific to halal consumption, such as religious commitment, halal awareness, and trust in halal certification. By applying the TPB framework, studies have been able to identify the relative importance of different factors influencing halal product choices, predict behavioral intentions, and develop strategies for marketing and implementing halal compliance. This theoretical approach has contributed significantly to the growing body

of knowledge in halal consumer and business research, helping businesses and policymakers better understand and respond to the needs of halal-conscious stakeholders. In the halal business context, awareness of halal values constitutes an attitude, while trust in the certification process functions as an institutional mechanism strengthening behavioral intention (Burgess et al., 2016; Bhutto et al., 2022). Iranmanesh et al. (2020) emphasize trust as a pivotal mediating factor linking certification schemes with organizational compliance.

Empirical studies reveal a significant disparity between awareness and action among SMEs regarding halal certification. While many SMEs demonstrate high awareness of halal requirements, they face structural barriers that hinder certification, including financial constraints, complex bureaucratic processes, and lack of comprehensive knowledge about certification procedures (Nur Azizah et al., 2025; Grandinetti, 2016; Gössling & Reinhold, 2024; Giyanti et al., 2020; Othman & Md Nawi, 2025). Bridging this gap requires a multi-pronged approach, including enhancing the perceived value of halal certification, strengthening the credibility of certification bodies, demonstrating clear market advantages, and addressing structural limitations faced by SMEs through tailored support mechanisms. Collaborative efforts between stakeholders—such as government institutions, certifiers, industry associations, and academic researchers—can create a more conducive ecosystem for halal certification adoption.

Trust in halal certification institutions significantly influences the perceived benefits and risks associated with certification (Soltanian et al., 2016; Chavez & Vicente, 2024; Botoeva, 2020; Koc et al., 2024). When entrepreneurs trust certifying bodies' competence and integrity, they are more likely to internalize halal governance as part of their long-term business strategy. This trust mediates the relationship between awareness and governance outcomes such as transparency, accountability, and sustainability (Soltanian et al., 2016; Sunmola et al., 2025; Chavez & Vicente, 2024).

From a governance perspective, halal certification represents a broader commitment to quality assurance and ethical business conduct (Sunmola et al., 2025; Wahyuni et al., 2024; Rahman et al., 2024; Ab Talib et al., 2017). Certified businesses tend to perform better in customer loyalty, operational efficiency, and market expansion, particularly relevant for SMEs where certifications play a signaling role in gaining consumer confidence (Yesitadewi & Widodo, 2023; Prawiro & Fathudin, 2023).

The integration of halal certification into business governance in South Sulawesi, Indonesia, involves complex cultural, economic, and regulatory factors (Hidayat et al., 2025; Prabowo et al., 2015; Ali et al., 2023). As the region promotes its halal culinary sector, stakeholders recognize the need for a comprehensive approach beyond policy interventions. Developing empirical models to analyze relationships between awareness, certification status, and governance quality could provide valuable insights for policymakers, business owners, and consumers. These insights could potentially serve as a blueprint for other regions seeking to enhance their halal business ecosystems (Prabowo et al., 2015; Prawiro & Fathudin, 2023; Sari et al., 2024).

The existing literature provides a strong theoretical and empirical basis for examining the roles of halal awareness, certification, and trust as a mediating variable in

shaping SME governance practices in the culinary sector. This study aims to contribute to academic discourse and policy formulation fostering sustainable and ethical business ecosystems.

Based on the literature reviewed and the theoretical framework adopted, the following hypotheses are proposed:

H1: *Halal awareness has a significant positive effect on business governance.*
H2: *Halal certification has a significant positive effect on business governance.*
H3: *Halal awareness has a significant positive effect on trust in halal certification.*
H4: *Halal certification has a significant positive effect on trust in halal certification.*
H5: *Trust in halal certification has a significant positive effect on business governance.*
H6a: *Trust in halal certification mediates the relationship between halal awareness and business governance.*
H6b: *Trust in halal certification mediates the relationship between halal certification and business governance.*

METHODOLOGY

This research employs a quantitative approach using a survey method to analyze the influence of halal awareness and halal certification on business governance within culinary enterprises in South Sulawesi. Specifically, the study emphasizes the significance of halal certification for Small and Medium Enterprises (SMEs) and its direct impact on effective business governance practices. A quantitative approach was selected due to its efficacy in objectively analyzing causal relationships among the variables being studied. The theoretical underpinning for this investigation is derived from the Theory of Planned Behavior (TPB), as proposed by Ajzen (1991), which postulates that behavioral intentions are shaped by individual attitudes, perceived behavioral control, and subjective norms.

The target population for this research comprises culinary business actors operating in South Sulawesi, particularly those either possessing halal certification or actively pursuing it. Participants were identified as business owners or managers from a diverse range of establishments, including restaurants, cafés, food stalls, and small-scale food businesses committed to halal standards. Purposive sampling was employed, ensuring respondents met criteria such as having or pursuing halal certification, operating for at least one year, and expressing willingness to participate. The sample size of 300 respondents adheres to recommendations by Hair et al. (2010), who advocate for a sample size ratio of 15:1 to 20:1 per variable for Structural Equation Modeling (SEM).

Data were collected primarily through a structured questionnaire featuring a 5-point Likert scale ranging from "Strongly Disagree" to "Strongly Agree." These questionnaires were distributed both face-to-face and via online platforms, facilitated by partnerships with halal culinary associations, business communities, and halal certification bodies. To supplement quantitative findings, semi-structured interviews were conducted with select respondents to provide deeper insights into their experiences,

challenges, and strategies regarding business sustainability. Ethical standards, including privacy and confidentiality protocols, were rigorously observed throughout the data collection process.

Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS software (Hair et al., 2019). This analytical technique is particularly suited for complex models and accommodates data that may not adhere to normal distribution assumptions. The analysis commenced with descriptive statistics to outline the demographic profile of respondents, including variables such as age, gender, education level, and professional experience. Subsequently, the measurement model was assessed, with reliability confirmed through Composite Reliability (CR) and Cronbach's Alpha, both requiring thresholds of 0.7 or greater. Validity was established through the Average Variance Extracted (AVE), which mandates a minimum threshold of 0.5.

Following this, the structural model was evaluated through hypothesis testing, examining path coefficients (β) and t-statistics, with significance determined at a p-value of less than 0.05. Additionally, the coefficient of determination (R^2) was employed to quantify the explanatory power of the independent variables on the dependent variable. Finally, mediation analysis was performed using a bootstrapping approach, enhancing the precision of causal relationship estimates among the variables (Hair et al., 2019).

This comprehensive methodological approach is designed to yield robust findings, contributing meaningfully to both theoretical advancements and practical applications within the context of halal business governance.

Table 1. Respondents' Profile

Demographic Variable	Category	Frequency	Percentage (%)
Gender	Male	168	56.0
	Female	132	44.0
Age	< 30 years	84	28.0
	30–39 years	117	39.0
	≥ 40 years	99	33.0
Education Level	Senior High School	57	19.0
	Diploma	78	26.0
	Bachelor's Degree	126	42.0
	Postgraduate	39	13.0
Business Experience	1–3 years	96	32.0
	4–6 years	105	35.0
	≥ 7 years	99	33.0
Halal Certification	Already Certified	177	59.0
	In Certification Process	123	41.0

The table above presents the demographic characteristics of the respondents. The distribution shows a balanced representation across gender, age, education, and business experience, which strengthens the generalizability of the findings. Notably, a majority of

the respondents had either obtained halal certification or were in the process of obtaining it, validating the relevance of the topic to the sampled population.

RESULTS AND DISCUSSION

This section presents the empirical results and interprets the findings based on the theoretical framework and hypotheses developed in the previous sections. The results are derived from data analysis using Partial Least Squares Structural Equation Modeling (PLS-SEM). The discussion integrates both the statistical significance and theoretical implications of the relationships among the constructs: Halal Awareness, Halal Certification, Trust in Certification, and Business Governance. The section begins with descriptive statistics and measurement evaluation to ensure the constructs meet reliability and validity criteria before proceeding to hypothesis testing and structural path analysis.

Table 2. Descriptive Statistics and Quality Criteria of the Constructs

Construct	Item	Mean	St. Dev.	Outer Loading	Cronbach's Alpha	Composite Reliability	AVE
Halal Awareness (HA)	HA1	4.212	0.801	0.843	0.801	0.879	0.708
	HA2	4.145	0.834	0.825			
	HA3	4.187	0.822	0.838			
Halal Certification (HC)	HC1	4.276	0.867	0.842	0.828	0.889	0.671
	HC2	4.198	0.891	0.819			
	HC3	4.174	0.879	0.803			
	HC4	4.235	0.864	0.817			
Trust in Certification (TC)	TC1	4.189	0.877	0.845	0.846	0.900	0.692
	TC2	4.222	0.866	0.836			
	TC3	4.241	0.891	0.854			
	TC4	4.258	0.872	0.849			
Business Governance (BG)	BG1	4.201	0.890	0.812	0.864	0.910	0.672
	BG2	4.186	0.893	0.829			
	BG3	4.194	0.879	0.821			
	BG4	4.211	0.872	0.836			
	BG5	4.234	0.861	0.827			

Source: Author's estimation in SMART-PLS 3 (2025)

The descriptive statistics presented in Table 2 offer an overview of the distribution, internal consistency, and validity of each latent construct measured in this

study. The constructs include Halal Awareness (HA), Halal Certification (HC), Trust in Certification (TC), and Business Governance (BG).

Overall, all items within the constructs show relatively high mean scores, ranging from 4.145 to 4.276, suggesting that respondents generally agreed with the indicators used to measure each construct. The standard deviations range between 0.801 and 0.893, indicating moderate variability in participant responses.

The construct of Trust in Certification (TC), which acts as a mediating variable in the model, demonstrated strong psychometric properties. The outer loadings for all TRUST items exceeded the 0.80 threshold, with values ranging from 0.836 to 0.854, signifying strong individual item reliability. The Cronbach's Alpha (0.846) and Composite Reliability (0.900) both surpassed the 0.70 minimum criterion, indicating high internal consistency. The Average Variance Extracted (AVE) was 0.692, above the recommended threshold of 0.50, confirming convergent validity.

These results affirm that the TC construct is both reliable and valid in capturing the perceived trust of respondents toward halal certification institutions. Given its central role as a mediator in the proposed research model, the strong statistical properties of the TC indicators provide a solid foundation for examining its influence in the structural path analysis.

Similarly, other constructs such as Halal Awareness, Halal Certification, and Business Governance also met quality criteria. All constructs demonstrated Cronbach's Alpha values above 0.80, composite reliability above 0.87, and AVE values above 0.67, ensuring that each latent variable can be interpreted with confidence in the subsequent structural model analysis.

These descriptive results provide initial empirical support for the theoretical model developed in this study and indicate that the data collected is appropriate for further inferential testing using PLS-SEM.

Table 3. Discriminant Validity Assessment of the Constructs

Construct	HA	HC	TC	BG
HA	0.841			
HC	0.512 (0.643)	0.819		
TC	0.488 (0.627)	0.534 (0.684)	0.832	
BG	0.469 (0.589)	0.498 (0.672)	0.571 (0.705)	0.820

Note: Diagonal values show the square roots of AVE, while the values in parentheses are HTMT ratios. Discriminant validity is supported when diagonal values exceed correlations and HTMT values are below 0.85.

The results shown in Table 3 demonstrate that the measurement model has satisfactory discriminant validity. According to the Fornell-Larcker criterion, the square root of the AVE for each construct (shown diagonally) must be greater than its correlations with any other construct in the model. As seen, all diagonal values exceed the off-diagonal correlations, indicating that each construct is empirically distinct (Hair et al., 2019).

The HTMT ratios, listed in parentheses, are all below the conservative threshold of 0.85 (Henseler et al., 2015). This further confirms that the constructs in the model are

sufficiently different from each other and are not capturing overlapping dimensions. The highest HTMT value is 0.705 (between Trust in Certification and Business Governance), which still falls within the acceptable range.

These findings support the theoretical assumption that Halal Awareness, Halal Certification, Trust in Certification, and Business Governance, although conceptually related, are distinct constructs in practice. This is particularly relevant considering the mediating role of trust in certification, which conceptually bridges the awareness and certification variables with governance outcomes (Ajzen, 1991; Iranmanesh et al., 2020; Chavez & Vicente, 2024). Therefore, the structural model can be interpreted with confidence in the following hypothesis testing.

However, the results in Table 4 confirm that all proposed hypotheses (*H1* to *H5*) are supported with statistically significant path coefficients, indicating robust relationships among the studied constructs.

Table 4. Path Coefficient and Hypotheses Testing Results

Path	Original Sample	Std. Dev.	t-stat.	p-values	Decision
HA → TC	0.421	0.063	6.683	0.000***	*H1* is accepted
HC → TC	0.336	0.058	5.793	0.000***	*H2* is accepted
TC → BG	0.512	0.071	7.211	0.000***	*H3* is accepted
HA → BG	0.228	0.065	3.509	0.001**	*H4* is accepted
HC → BG	0.195	0.070	2.786	0.005**	*H5* is accepted

Note: t > 1.95. ***p < 0.001; ** p < 0.05 (Hair et al., 2022)

Hypothesis 1 (*H1*), which posits that Halal Awareness (HA) positively affects Trust in Certification (TC), is supported ($\beta = 0.421$, $t = 6.683$, $p < 0.001$). This implies that higher awareness of halal principles enhances stakeholders' confidence in the institutions responsible for halal certification. This result aligns with prior research emphasizing the influence of awareness on trust (Primadasa et al., 2025; Chavez & Vicente, 2024), and is consistent with the Theory of Planned Behavior (Ajzen, 1991), where beliefs (such as halal knowledge) inform evaluative judgments (trust).

Hypothesis 2 (*H2*), which suggests that Halal Certification (HC) influences TC, is also supported ($\beta = 0.336$, $t = 5.793$, $p < 0.001$). This confirms that formal certification enhances institutional legitimacy, echoing findings from Iranmanesh et al. (2020) and Mutmainah (2018), who argue that official recognition helps bridge the informational gap between SMEs and consumers.

Hypothesis 3 (*H3*), which proposes that TC has a positive effect on Business Governance (BG), shows the strongest relationship ($\beta = 0.512$, $t = 7.211$, $p < 0.001$). This confirms the mediating role of trust in converting halal values into concrete governance practices, as theorized in the TPB framework and supported empirically by Sunmola et al. (2025). It implies that in the halal context, trust is not just a psychological construct, but a structural enabler of good governance.

Hypothesis 4 (*H4*) confirms a direct and positive relationship between HA and BG ($\beta = 0.228$, $t = 3.509$, $p = 0.001$). This result suggests that SMEs with higher halal

literacy are more inclined to adopt transparent and ethical business practices, supporting findings from Wahyuni et al. (2024) and Silalahi et al. (2021).

Hypothesis 5 (*H5*) shows that HC positively influences BG ($\beta = 0.195$, t = 2.786, p = 0.005), although with a smaller coefficient. This suggests that certification itself contributes to governance improvement, yet its effect is enhanced when accompanied by internal trust and awareness. This confirms prior literature noting that compliance alone is insufficient without internalization of values (Ismaeel & Blaim, 2012).

The implications of these findings are substantial for SMEs. First, promoting halal awareness through education and outreach can enhance trust and governance quality. Second, simplifying and strengthening halal certification systems can boost institutional credibility. Third, the strategic focus for policy should be on nurturing trust through transparent, consistent, and localized certification efforts. For regions like South Sulawesi, where institutional development is ongoing, these findings underscore the importance of synergizing formal regulation with value-based capacity building.

Table 5. Mediation Effect Results

Hypothesis Code	Mediation Path	Indirect Effect	T-Stat	p-values	Mediation Type	Result
H6a	HA → TC → BG	0.216	5.624	0.000	Partial Positive Mediation	Supported
H6b	HC → TC → BG	0.172	4.912	0.000	Partial Positive Mediation	Supported

Note: Mediation is classified based on the significance of both indirect and direct effects. T-statistic > 1.95 indicates significance at 5% level (Hair et al., 2022).

The results in Table 5 confirm the presence of partial mediation effects for both proposed indirect paths. *H6a* tests the mediating role of Trust in Certification (TC) in the relationship between Halal Awareness (HA) and Business Governance (BG). The indirect effect is statistically significant ($\beta = 0.216$, t = 5.624, p < 0.001), suggesting that TC partially transmits the influence of HA on BG. This supports earlier findings by Chavez and Vicente (2024), which indicate that cognitive awareness can enhance governance outcomes through trust-based mechanisms.

Similarly, *H6b* explores the mediating path from Halal Certification (HC) through TC to BG. The analysis reveals a significant indirect effect ($\beta = 0.172$, t = 4.912, p < 0.001), confirming that TC also mediates the relationship between formal certification and governance practices. This aligns with Iranmanesh et al. (2020) and Sunmola et al. (2025), who note that trust in institutions is pivotal in translating compliance into operational ethics.

Both mediations are classified as "partial" because the direct paths from HA and HC to BG remain significant, as shown in the previous structural model. These findings collectively reinforce the dual role of TC, as a direct antecedent to governance and as a conduit that strengthens the effects of both awareness and certification.

For SMEs, particularly in developing halal ecosystems like South Sulawesi, the implication is clear: regulatory efforts must be paired with strategies to build trust in halal certification bodies. Awareness campaigns and certification alone are insufficient unless SMEs perceive the institutions behind these processes as transparent, reliable, and culturally aligned. Thus, policymakers should prioritize building relational capital between certifiers and business actors to fully realize the benefits of halal governance.

In conclusion, the mediation analysis provides deeper insight into how behavioral and institutional drivers interact to shape business practices in the halal sector. It underscores the centrality of trust in bridging formal compliance and meaningful governance transformation.

CONCLUSION

This study explored the role of halal awareness and halal certification in influencing the governance practices of SMEs, with trust in certification institutions serving as a key mediating variable. Drawing upon the Theory of Planned Behavior (TPB), the research confirmed that both awareness and formal certification significantly contribute to business governance, and that trust is a critical mechanism through which these influences are transmitted.

Theoretically, this research extends TPB by demonstrating how internal beliefs (awareness) and external mechanisms (certification) are integrated through trust to influence organizational behavior. It contributes to halal business literature by emphasizing governance as a multidimensional outcome, not only influenced by compliance but also by value-driven beliefs and institutional legitimacy. Furthermore, the inclusion of trust as a mediating variable addresses a key gap identified in previous studies, particularly in the halal SME context.

Practically, the findings highlight the importance of fostering both cognitive and structural trust among SMEs. Regulators and certification bodies must not only simplify procedures but also engage in relationship-building strategies to establish credibility. Educational programs that enhance halal awareness should be combined with outreach initiatives that demystify certification procedures and demonstrate their benefits. These combined efforts are essential in regions like South Sulawesi, where the halal ecosystem is still evolving.

However, this study is not without limitations. First, the cross-sectional design limits the ability to infer causal relationships over time. Second, the focus on culinary SMEs in South Sulawesi may constrain the generalizability of the findings to other sectors

or geographic regions. Third, the self-reported nature of the survey data may introduce social desirability bias, particularly on topics related to ethics and religiosity.

Future research could address these limitations by employing longitudinal or experimental designs to examine changes in governance behavior over time. Comparative studies across regions or sectors would provide broader insights into how contextual factors moderate the relationships observed in this study. Additionally, incorporating qualitative methods such as interviews or focus groups could offer deeper understanding of how trust in certification is constructed within local communities.

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