

# Halalan Thayyiban In Practice: Consumer Perspectives On Trust, Certification, And The MSME-Large Corporate Companies Divide In Medan's Halal Market

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## ARTICLE INFO

### Article history:

Received Oct 10, 2025

Revised Nov 17, 2025

Accepted Des 30, 2025

Available online Jan 2, 2026

### Keywords:

Halal Consumption,  
Multicultural Society,  
Consumer Behavior,  
Qualitative Study, Halalan  
Thayyiban

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Published by UIN Suska Riau*

## ABSTRACT

The global halal market has transcended its religious niche to become a significant economic sector driven by quality, ethics, and faith. This qualitative study explores the complex landscape of halal product development within the multicultural context of Medan, Indonesia. Through in-depth interviews with 28 participants (20 Muslim, 8 non-Muslim), this research employed thematic analysis to investigate consumer preferences, perceptions, and the underlying values influencing their choices between local MSME and large corporate companies' halal products. The findings reveal that Medan's consumers are rational and risk-aware, strongly influenced by the holistic Halalan Thayyiban principle which integrates spiritual permissibility with health and ethical standards. While support for the local economy is a stated value, purchasing decisions are predominantly shaped by product quality assurance, the credibility of halal certification, and practical accessibility. The study concludes that building consumer trust through transparency, standardized certification, and enhanced MSME capacity is crucial for developing a competitive and sustainable halal ecosystem in a multicultural urban setting.

## INTRODUCTION

The global halal market has evolved from a niche religious sector into a robust economic ecosystem driven by faith, quality, and ethical considerations (Abdullah & Ismail, 2022). In Indonesia, the world's largest Muslim-majority country, this evolution is particularly pronounced. Consumers are increasingly presented with a complex choice between halal products from local Micro, Small, and Medium Enterprises (MSMEs) and those from large corporations. This choice reflects a deeper tension between supporting the local economy, ensuring product quality, trusting halal certification, and navigating broader socio-cultural dynamics (Wilson & Liu, 2010).

Medan City, a vibrant multicultural hub in North Sumatra, serves as an ideal locus to study this phenomenon. Its population composition of 66% Muslim and 34% non-Muslim (BPS Medan, 2023) creates a unique social laboratory where religious diversity coexists with a dynamic and rapidly growing halal market (Rahman et al., 2020). In this context, the consumption of halal products is not merely a religious obligation but a multifaceted social and economic behavior influenced by a confluence of factors, including personal motivation, trust in institutions, and practical market constraints.

This study is guided by the following research questions, which seek to understand the multifaceted nature of halal consumption in Medan: What are the primary motivations and perceived risks driving consumer choice between MSME and large corporate companies halal products? How do consumers perceive the credibility of different halal certification signals, and what barriers do MSMEs face? To what extent do social dynamics and the religious identity of business owners influence trust and purchasing decisions? What are the key practical constraints affecting access to and trust in MSME halal products? What improvements and policy supports do consumers recommend for strengthening the local halal ecosystem? Finally, how do consumers respond to the prospective idea of a multi-dimensional "*Halalan Thayyiban*" grading system?

This qualitative study aims to conduct a comprehensive and in-depth exploration of the factors influencing consumer awareness and behavior towards halal products in the multicultural context of Medan. The primary purpose is to understand the underlying motivations, perceptions, and values that guide the choices of consumers when faced with halal products from MSMEs and large corporate companies.

The specific objectives of this research are to investigate the primary motivations and core values driving halal product choices; to examine consumer perceptions and trust regarding halal certification and labeling; to analyze the influence of socio-cultural dynamics and cross-cultural interactions on consumption behavior; to identify the practical constraints and crises of confidence faced by consumers when accessing halal products; to gather consumer recommendations for improvements and innovations to strengthen the local halal ecosystem; and to explore consumer responses to the prospective idea of a "*Halalan Thayyiban*" grading system that in large corporate companies health, ethical, and environmental dimensions. By

addressing these objectives, this research seeks to provide a nuanced, contextual, and holistic understanding that can inform strategic decision-making for the development of a competitive and sustainable halal ecosystem in Medan.

## LITERATURE REVIEW

This study is grounded in several established theories of consumer behavior to unravel the complexities of halal product choice. The Theory of Planned Behavior (Ajzen, 1991) is used to analyze how attitudes, subjective norms, and perceived behavioral control shape consumption intentions. Signaling Theory (Connelly et al., 2011) helps understand how consumers interpret and verify various halal signals in the marketplace, such as logos and certificates. Furthermore, the philosophical concept of *Halalan Thayyiban* (Alam & Sayuti, 2011) provides the overarching framework, emphasizing that halal products should not only be legally permissible but also good, clean, healthy, and ethically produced.

The significance of this research lies in its focused investigation of halal product development within Medan's multicultural society. By exploring the perceptions of both Muslim and non-Muslim consumers, the study provides a holistic understanding of the drivers and barriers to the growth of the local halal ecosystem. The findings are crucial for MSMEs, policymakers, and regulators in Medan to develop targeted strategies that enhance the competitiveness of local halal products, foster consumer trust, and ensure the sustainable development of a market that is both religiously compliant and socially inclusive.

## METHODOLOGY

This study was conducted in Medan City, selected through purposive sampling due to its distinct multicultural socio-cultural characteristics and its rapidly expanding halal market. The choice of Medan as the research locus was based on several key considerations.

First, the population composition of Medan City, which is 66% Muslim and 34% non-Muslim, demonstrates a harmonious coexistence of religious and cultural diversity (BPS Medan, 2023). This makes Medan an ideal representation of a multicultural city with a high degree of social tolerance.

Second, Medan has a highly active halal product market, particularly within the Micro, Small, and Medium Enterprises (MSMEs) sector. Halal products are not only found in traditional markets but are also widely available in modern shopping centers like supermarkets and malls. This reflects a growing awareness and demand for halal products from both Muslim and non-Muslim consumers (Rahman et al., 2020).

In qualitative research, sample size is not necessarily large, as the primary goal is to explore the deep meaning and understanding of a phenomenon. Empirical studies suggest that data saturation is generally achieved after the first 12 interviews (Guest et al., 2006). Further research by Hennink et al. (2017) indicates that full saturation often

occurs between the 16th and 20th interview, particularly with sample sizes between 20–25 respondents.

To meet saturation criteria for the Muslim and non-Muslim subgroups, and considering these references, this study set a sample size of 28 respondents ( $n = 28$ ), consisting of 20 Muslim respondents (71.4%) and 8 non-Muslim respondents (28.6%). This composition is expected to provide a balanced overview of cross-religious perceptions regarding halal products in Medan City.

A qualitative approach was chosen for its ability to capture the human dimension and social meanings that are not always represented by quantitative data (Braun & Clarke, 2006; Creswell & Poth, 2018). The findings are expected not only to complement quantitative data but also to offer nuanced narrative depth that can inform strategic decision-making for MSME actors, regulators, and other stakeholders in developing a competitive and sustainable halal ecosystem for Medan City (Kadir et al., 2021).

Data from the in-depth interviews were analyzed using thematic analysis, as developed by Braun and Clarke (2006). This approach allows researchers to identify patterns of meaning that emerge from respondents' narratives. Through the process of coding and interpretation, six main themes were obtained.

**Theme 1. Key Drivers of Choice (Motivation & Core Values):** This theme explores the conflict between rational considerations (like quality assurance and brand reputation) and religious-social motivations (such as supporting the local economy and inner peace), while also capturing post-purchase reflections that can influence consumer loyalty (Hasibuan, 2021; Ambali & Bakar, 2014).

**Theme 2. Perception and Trust in Halal Certification:** This theme examines the credibility of various forms of halal signals (logo vs. physical certificate), consumer responses to uncertainty, and the identification of structural barriers faced by MSMEs in obtaining halal certification (Connelly et al., 2011; Tieman, 2011).

**Theme 3. Social Dynamics and Cross-Cultural Interaction:** The focus here is on how trust is built in cross-religious transactions and how consumers respond to social pressures like boycott movements, revealing the balance between individual autonomy and group solidarity (Ajzen, 1991; Fisher & Omar, 2022).

**Theme 4. Practical Constraints and Crisis of Trust:** This theme diagnoses problems of accessibility and visibility of MSME products, analyzes trade-offs in purchasing decisions, and investigates the impact of negative experiences on broader trust in the entire category of MSME products (Mukhtar & Butt, 2012; Nguyen et al., 2022).

**Theme 5. Halal Ranking/Grading:** As a prospective theme, this section evaluates consumer responses to the idea of evolving the halal certification system from a binary (halal/not halal) to a grading system inclusive of health, ethical, and environmental (thayyib) aspects (Mittal, 2023; Wijaya, 2022).

**Theme 6. Improvement Recommendations and Innovation:** From the consumer's perspective, this theme maps improvement priorities for MSMEs, recommends government policies deemed most effective, and assesses perceptions of

strategic collaboration models between MSMEs and large corporate companies (Dwivedi et al., 2022; Beninger & Francis, 2023).

Through these six themes, the research is expected to provide a comprehensive understanding of the factors influencing consumer awareness and behavior towards halal products in a multicultural society like Medan.

## RESULTS AND DISCUSSION

An in-depth thematic analysis revealed the complex dynamics governing consumer preferences, perceptions, and behaviors in Medan City regarding halal products, particularly concerning the choice between local Micro, Small, and Medium Enterprises (MSMEs) and large corporations. The findings from the six emergent themes are discussed below, integrating the study's stated theoretical frameworks: the Theory of Planned Behavior (TPB), Signaling Theory, and the overarching concept of *Halalan Thayyiban*.

Theme 1: Key Drivers of Choice (Motivation & Core Values): This theme identifies that consumer choice is primarily driven by risk minimization, with quality assurance and brand reputation serving as key decision-making factors. This behavior is anchored in the study's overarching philosophical framework of *Halalan Thayyiban*, which participants adopted not merely as spiritual permissibility (halal) but as a holistic principle encompassing quality, health, and ethics (*thayyib*).

A significant finding is the documented gap between a positive attitude or intention to support MSMEs and the actual purchasing behavior, which remains dominated by large corporate products perceived as safer. This intention-behavior gap highlights a core dynamic explored within the Theory of Planned Behavior (TPB). It suggests that while attitudes (supporting the local economy) and subjective norms may be positive, perceived risks or low perceived behavioral control (in terms of guaranteeing MSME quality) inhibit the intended behavior.

Theme 2: Perception and Trust in Halal Certification: The findings for this theme directly engage with Signaling Theory, which examines how consumers interpret and verify market signals. Consumer trust was found to be highly contingent upon the standardization and verifiability of the halal signal itself. An official logo integrated onto product packaging is perceived as a more credible and portable signal than a static physical certificate displayed on-site.

When faced with signal uncertainty or dubious certification, the dominant consumer strategy is risk avoidance (i.e., non-purchase) rather than active verification. This indicates a high reliance on the clarity and trustworthiness of the signal. Furthermore, the primary barriers identified for MSMEs in obtaining these crucial signals were not financial but rather related to complex bureaucracy and knowledge deficits.

Theme 3: Social Dynamics and Cross-Cultural Interaction: This theme addresses the "subjective norms" construct within the Theory of Planned Behavior (TPB). Medan's consumers demonstrated rational and principled attitudes, where social pressures are mediated by individual assessment. For instance, an official halal certificate—an objective, verifiable signal—is deemed more critical in building trust

than the business owner's religious identity, a finding that aligns with jurisprudential principles prioritizing process over personality.

In responding to social pressures such as boycott movements, individual consideration and a demand for evidence (*tabayyun*) dominate conformity. This suggests that subjective norms (group pressure) are a weak predictor of behavior unless validated by credible, negative information, reflecting a high degree of individual autonomy.

Theme 4: Practical Constraints and Crisis of Trust: Practical constraints, such as the uneven distribution and poor visibility of MSME products, were identified as significant barriers. This finding directly impacts the "perceived behavioral control" component of the TPB. Consumers cannot act on a positive intention to support MSMEs if the behavior is practically inhibited by a lack of access or awareness.

The study also found that purchasing decisions are highly contextual (e.g., for self-use versus for gifts). Notably, while a negative experience with one MSME product induces greater caution and active information-seeking, it does not necessarily trigger a broader "crisis of trust" or negative spillover effect that destroys trust in the entire MSME category.

Theme 5: Halal Ranking/Grading: This prospective theme explored consumer responses to evolving the binary (halal/haram) certification into a multi-dimensional grading system. This idea was met positively, as consumers view it as a natural and practical refinement of the *Halalan Thayyiban* principle.

However, this concept again relates to Signaling Theory: to be credible, *thayyib* claims (e.g., "ethical," "eco-friendly") require transparent, verifiable proof, such as digital QR codes, rather than mere textual assertions. Consumers believe this more complex signaling system could foster healthy competition, provided it is supported by rigorous oversight.

Theme 6: Improvement Recommendations and Innovation: From a practical standpoint, consumers recommended that MSME development should prioritize enhancing soft skills—specifically digital marketing and branding—over direct financial aid. This recommendation emphasizes a sequential approach, rooted in Signaling Theory, where MSMEs must first establish foundational compliance (basic standards like hygiene and certification) before attempting broader market expansion. Only after these basic signals are credible can branding efforts be effective.

Finally, consumers expressed skepticism towards MSME-large corporate collaborations, fearing exploitation and a loss of local product identity. This concern echoes academic literature on power asymmetry in such partnerships.

## CONCLUSION

This study concludes that the profile of Medan's Muslim consumer is rational, principled, and acutely risk-aware. Consumer behavior is fundamentally guided by the holistic *Halalan Thayyiban* framework, indicating a demand that transcends mere ritual permissibility (halal) to include *thayyib* (quality, health, and ethical) dimensions.

This finding reveals a critical tension, best explained by the Theory of Planned Behavior (TPB). A significant gap exists between consumers' positive attitudes—namely, a strong desire to support the local MSME economy—and their actual behavior. This intention-behavior gap is driven by low Perceived Behavioral Control, where final choices are ultimately determined by practical factors: quality assurance, certification credibility, and ease of access.

The mechanism for resolving this gap lies within Signaling Theory. Consumers actively use market signals to mitigate perceived risk. The credibility of the halal certification is the most powerful signal, and its absence or ambiguity leads to risk-avoidance. To be effective, these signals must be standardized, verifiable, and transparent.

Consequently, any effort to advance the local halal ecosystem, whether by MSMEs or the government, must be centered on trust-building. This demands a strategic focus on (1) enhancing the clarity and reliability of signals through transparency and standardization, and (2) improving MSME capacity (e.g., hygiene, branding) to ensure the substance behind the signals is robust.

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