# HALAL NON-COMPLIANCE FACTORS AMONG INDUSTRIAL CERTIFICATE HOLDERS: KUANTAN REGULATORY OBSERVATIONS

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**Abstract.** Post-certification compliance remains a formidable challenge within Malaysia's halal ecosystem, as many industry players default to a pattern of "symbolic compliance." This study aims to analyze the root causes of Non-Compliance Reports (NCR) among industrial halal certificate holders, focusing specifically on the field observations of halal auditors in Kuantan, Pahang. Employing a qualitative research design, primary data were gathered through semi-structured interviews with four key informants from the Halal Management Division of the Pahang Islamic Religious Department (JAIP). The data were examined using narrative analysis and complemented by a secondary document review of the Manual Procedure for Malaysia Halal Certification (MPPHM) 2020. The findings reveal that NCR incidents are not merely isolated technical or operational lapses; rather, they are systemic products of an interconnected "NCR Chain" rooted in a top-management governance crisis. Driven by a purely commercial orientation, organizations demonstrate a lack of resolve to internalize halal standards, often over-investing in external consultants for operational "shortcuts" while misallocating internal budgets. This financial skewness starves critical operational components, resulting in the absence of dedicated Halal Executives, a lack of employee awareness training, and a superficial Internal Halal Committee (IHC), which ultimately manifests as physical sanitation and pest control failures on the production floor. To break this cyclical non-compliance, this study suggests a regulatory paradigm shift by JAKIM and JAIP toward aggressive unannounced audits, direct competency literacy testing for IHC members, and comprehensive capacity-building initiatives for SMEs to reduce third-party consultant dependency and foster a genuine, sustainable halal culture.
**Keywords**: *halal certification, non-compliance report, halal assurance system, symbolic compliance, organizational governance*

## Introduction

The global halal industry has undergone a significant paradigm shift, transitioning from merely fulfilling religious obligations to becoming an internationally recognized standard for comprehensive quality, safety, and hygiene. In Malaysia, the halal certification system, overseen by the Department of Islamic Development Malaysia (JAKIM), functions as a systematic regulatory mechanism designed to guarantee product integrity across the entire supply chain. As a pioneer in the halal sector, Malaysia relies on this robust certification framework to sustain consumer trust and fortify its halal diplomacy on the global stage. However, maintaining such certification is not a "one-off" administrative achievement; rather, it necessitates continuous

operational commitment from industry players to ensure that quality standards are never compromised once the certificate is secured. To ensure the sustainability of halal integrity, Malaysian authorities have mandated the implementation of the Halal Assurance System (HAS) for medium-sized and multinational enterprises. This mandatory prerequisite is in accordance with the Manual Procedure for Malaysia Halal Certification (MPPHM) 2020. The implementation of HAS requires industries to holistically integrate halal compliance into their core operations, encompassing raw material procurement, Good Manufacturing Practices (GMP), and Good Hygiene Practices (GHP) (Baharuddin et al., 2015). Under this system, halal audits transcend mere end-product testing, focusing instead on comprehensive quality assurance at every stage of production. Within this framework, companies are required to establish an Internal Halal Committee (IHC) and appoint a Halal Executive to facilitate self-monitoring and periodic internal audits.

Despite the availability of exhaustive guidelines, post-certification compliance remains a formidable challenge. Surveillance audits conducted by religious authorities frequently uncover operational lapses that result in the issuance of Non-Compliance Reports (NCR). This rising trend of non-compliance is attributed to various factors, including weak top-management commitment, a lack of employee awareness, and the phenomenon of "symbolic compliance"—whereby standards are only strictly adhered to during official audits (Halim et al., 2024). Such operational deficiencies pose a significant risk of cross-contamination and may lead to the automatic revocation of halal status, ultimately undermining consumer confidence. Recognizing these persistent compliance issues, there is an urgent need to investigate the root causes of non-conformity through the perspective of the auditing authorities themselves. Consequently, this article aims to analyze the factors contributing to NCR incidents among industrial halal certificate holders, focusing specifically on the observations of Halal auditors in Kuantan, Pahang. As a primary industrial hub on the East Coast that hosts businesses of diverse scales, Kuantan provides a significant and representative context for this study. By analyzing field realities, this research seeks to bridge the gap between government policy and industrial practice, while offering strategic recommendations to strengthen the Malaysian halal ecosystem.

## *Literature review*

### *Framework and evolution of the Halal Assurance System (HAS)*

The halal certification system in Malaysia has undergone a significant evolution, transitioning from traditional methods that focused primarily on raw material and end-product inspection toward a more systematic halal management framework. Today, this system encompasses comprehensive supply chain control and organizational operations (Ahmad et al., 2018). Shifts in global supply chains, increasingly complex production processes, and rising demand from Muslim consumers have transformed the halal certification paradigm into a more holistic quality governance system. This transformation is clearly reflected in the strengthening of the Manual Procedure for Malaysia Halal Certification (MPPHM) 2020, which places primary emphasis on the Halal Assurance System (HAS). Within this framework, the concept of halal is no longer restricted to the mere absence of haram (forbidden) elements. It now incorporates elements of traceability, process control, systematic documentation, risk management, and operational integrity throughout the supply chain (MHMS 2020). This approach

aligns with modern quality management standards such as Hazard Analysis and Critical Control Point (HACCP), Good Manufacturing Practice (GMP), and ISO management systems. Under MPPHM 2020, every halal certificate holder is required to establish an Internal Halal Committee (IHC), appoint a Halal Executive, and implement continuous employee training, internal audits, and risk control mechanisms (MHMS 2020). This underscores that authorities are no longer just evaluating product quality but are also assessing an organization's capability to manage the entire production ecosystem. Consequently, halal certification now serves as a governance mechanism that demands the institutionalization of a compliance culture within all industrial operations.

The shift in focus is also driven by the increasing incidence of non-compliance within the industrial sector. Issues of non-conformity often stem not from ingredients alone but from weaknesses in operational management, documentation, and internal process controls (Zailani et al., 2011). Thus, HAS was introduced as a preventive approach to safeguard halal integrity at every operational stage. While HAS has the potential to enhance Malaysia's global credibility, its implementation poses significant challenges for industry players, particularly Small and Medium Enterprises (SMEs) (Hashim et al., 2018). Some companies successfully obtain certification but fail to maintain compliance levels thereafter. This phenomenon creates a gap between established regulations and the actual capabilities of the industry. In this context, the manufacturing sector serves as the primary field for evaluating the effectiveness of HAS. Factors such as complex production processes, human resource management, and daily operational controls make the factory environment highly susceptible to non-compliance or the issuance of Non-Compliance Reports (NCR). Therefore, analyzing the factors contributing to industrial non-compliance is critical to understanding the extent to which HAS principles are genuinely practiced on the ground.

### *Compliance with food safety standards (GMP/GHP)*

Theoretically, halal food assurance is inextricably linked to food safety and hygiene. Failures in these two areas can jeopardize halal integrity and trigger significant risks of non-conformity (Demirci, 2025). Within the Halal Assurance System (HAS) framework, Good Manufacturing Practices (GMP) and Good Hygiene Practices (GHP) have become core components in preserving halal integrity. Adherence to GMP and GHP transcends mere compliance with food safety specifications; it is deeply rooted in the concept of halalan tayyiban, which emphasizes hygiene, safety, and comprehensive product quality (Baharuddin et al., 2015). Among the most critical elements in the implementation of GMP and GHP are pest control, premises sanitation management, and equipment hygiene. The presence of pests is often indicative of substandard hygiene management, posing significant risks to halal integrity through potential cross-contamination (Talib et al., 2010). This is corroborated by a study by Chen and Lien (2025), which concluded that the majority of non-compliance records originate from deficiencies in premises hygiene control and a failure to adhere to established sanitation procedures. Such negligence suggests the prevalence of symbolic compliance among industry players, characterized by seasonal adherence. Organizations tend to strictly observe standards only in the lead-up to certification audits, while hygiene routines are frequently neglected once the audit concludes. Providing empirical evidence, Yuniar and Iqbal (2026) revealed that 26.4% of businesses inspected in 2023 failed to maintain halal standards post-certification. This argument is further reinforced by Aziz et al. (2021), who found that some business entities tend to decrease their compliance with

daily Standard Operating Procedures (SOPs) immediately after securing their certificate. This lapse in diligence is symptomatic of a more profound internal governance crisis, necessitating further investigation into leadership and organizational factors.

### *Organizational behavior and management commitment*

Operational deficiencies in GMP and GHP should not be viewed solely through a technical lens. Instead, these issues are deeply rooted in the dimensions of organizational behavior and the level of top management commitment. The failure to maintain consistent compliance occurs when halal principles have not been institutionalized as core values within the organizational work culture. According to Organizational Behavior Theory, the effectiveness of any policy implementation is heavily contingent upon the leadership style and strategic orientation of the organization (Robbins and Judge, 2017). Literature reviews indicate that some employers utilize halal certification merely as a commercial instrument to enhance product competitiveness in the market (Demirci, 2025). Consequently, organizations tend to exhibit indifference toward developing robust internal control systems. This negative posture is most evident when management is reluctant to allocate budgets for employee training, often perceiving such initiatives as a financial burden rather than an investment (Berge, 2008). Specifically, limited funding in certain industries often hinders the organization of continuous halal awareness programs (Al-Azmi and Hamid, 2025). From a theoretical perspective, this lack of commitment fosters a culture of symbolic compliance characterized by purely compliance-based behavior. This behavior manifests when an entity adheres to policies only to avoid enforcement actions or to sustain economic profitability (Meyer and Rowan, 1977). In this context, halal compliance degrades into a rote routine that lacks genuine internalization by the staff. Ahmad et al. emphasize that the active involvement of top management is critical to reinforcing employee commitment; without such support, the level of compliance will inevitably erode. Unfortunately, many industry players frequently cite financial constraints to justify this practice of symbolic compliance.

### *Organizational economic dynamics (Compliance costs vs. profitability)*

Management's hesitance to invest in staff training and the reinforcement of operational systems is frequently linked to financial constraints. The issue of compliance costs remains a primary grievance among industry players, particularly Small and Medium Enterprises (SMEs) operating on narrow profit margins. Priantina et al. (2024) posit that obtaining halal certification drastically alters a company’s cost structure, as it encompasses expenditures for preparation, implementation, the maintenance of the Halal Assurance System (HAS), and ongoing education. To objectively examine this issue, a distinction must be made between "certification costs" (initial fixed expenditures) and "compliance costs" (annual operational expenses). Extant literature suggests that while most companies are willing to bear initial certification costs to secure market access, they tend to demonstrate less commitment toward ongoing compliance costs, which require substantial investment in infrastructure upgrades and supply chain monitoring (Fathoni et al., 2025; Hayat et al., 2013). The perception of halal standards as an "additional burden" ultimately fosters symbolic compliance through the principle of minimum compliance. Organizations frequently invoke "cost constraints" to justify their failure to establish a robust halal ecosystem

within their manufacturing facilities. Furthermore, heavy reliance on external consultants to address the technical deficiencies of SMEs exacerbates the burden of external costs (Jamaluddin and Al Haq, 2026). This reinforces the stigma that the halal system is prohibitively expensive, thereby hindering the development of an organization's internal capacity.

### *The role and challenges of regulatory auditing*

Given the pervasive risk of symbolic compliance within the industry, the auditing and enforcement functions of regulatory authorities serve as the final line of defense. Government institutions bear the full responsibility for implementing comprehensive monitoring, including physical inspections and product sampling; to ensure that industries adhere to standards for the protection of consumer interests. Within this process, the Non-Compliance Report (NCR) functions as the primary documentary instrument for recording any operational violations (Talib et al., 2010). However, the auditing process frequently encounters manipulation tactics known as compliance performance. Some organizations act opportunistically, exhibiting excellent performance only while the audit team is on-site. This scenario reveals a significant disparity between the "paper-based perfection" of documentation and the actual reality on the production floor. This discrepancy explains why field audits are considerably more effective than self-administered questionnaires. Survey-based research is highly susceptible to social desirability bias, where respondents tend to provide answers that satisfy the authorities to preserve the company’s image (Podsakoff et al., 2003). To counter this "compliance performance," Bravo et al. (2013) emphasize that direct inspection mechanisms, particularly physical observations and unannounced raids, are capable of thwarting information manipulation and uncovering deception more effectively. Furthermore, the competence and analytical skills of auditors provide a strategic advantage in identifying the root causes of non-compliance. Extensive knowledge and experience in handling diverse cases allow authorized officers to recognize recurring failure patterns within a factory’s governance (Arif et al., 2025). Therefore, observations by auditors possess higher empirical validity in exposing the true drivers of industrial non-compliance.

In summary, halal non-compliance (NCR) is not merely a technical operational issue; rather, it is a reflection of a complex industrial ecosystem. It encompasses shifts in HAS regulations, factory quality practices (GMP/GHP), levels of management commitment, and economic factors. The intersection of these elements fosters a culture of symbolic compliance that can only be deconstructed through authoritative auditing processes. In this context, Kuantan was selected as a significant research site due to its status as a primary industrial hub on the East Coast, housing companies of various scales, from SMEs to multinational firms. Analyzing the audit observations of local authorities in the Kuantan zone enables the translation of this theoretical framework into robust empirical findings. Consequently, this study aims to unravel the actual factors determining the sustainability of halal compliance in Malaysia once an organization has secured its certification.

## Materials and Methods

To identify the factors contributing to non-compliance (NCR) among halal certificate holders in the industry, this study employs a qualitative research design using the

interview method. This qualitative approach was selected as it is proven to be more effective in exploring the lived experiences, mindsets, and actual challenges faced by practitioners in the field. Furthermore, this method facilitates the acquisition of rich and detailed information regarding the realities and current situations in halal management. Primary data were collected through interviews with respondents from the Halal Management Division of the Pahang Islamic Religious Department (JAIP). Specifically, the study participants consisted of four informants: two auditing unit officers, one inspection unit officer, and one industrial training student who had gained four months of practical experience participating in halal auditing and inspection activities. This group of respondents was selected through purposive sampling, based on their expertise and extensive experience in managing diverse client dynamics during halal monitoring and auditing operations in the state of Pahang. Their profiles are summarized in *Table 1*. The primary instrument for data collection was semi-structured interviews, conducted both face-to-face and online. Face-to-face interviews were held at the JAIP office, with each session lasting approximately 15 to 20 minutes. These sessions involved a two-way interaction where the researcher posed pre-formulated questions, aligned with the research objectives; and the respondents provided their insights. For the sake of data accuracy, all sessions were recorded using a voice recorder with the informants' prior consent to facilitate review and reference. Additionally, the researcher maintained field notes throughout the sessions. To complement the primary data, this study also utilized secondary data, involving a review of documents such as academic articles, journals from online databases (e.g., Google Scholar), and the Manual Procedure for Malaysia Halal Certification (MPPHM). To analyze the collected responses, this study applied the narrative analysis method. Narrative analysis is the process of examining, interpreting, and understanding the patterns of verbal responses provided by individuals during interview sessions. This method enables the researcher to gain a profound understanding of the mindsets and perspectives of halal auditors regarding specific operational situations occurring within the industry.

***Table 1***. *Profile of informants.*

| Informant | Positions | Length of service |
|---|---|---|
| A | Audit Unit Officer | 5 years |
| B | Audit Unit Officer | 9 years |
| C | Inspection Unit Officer | 5 years |
| D | Internship Student | 4 months |

## Results and Discussion

### *Commitment deficit and failure to internalize MPPHM 2020*

Interview findings indicate that the primary factor behind the issuance of Non-Compliance Reports (NCR) stems from a lack of commitment and an indifferent attitude among management toward halal regulations. Feedback from Informant B confirms that many industry players view halal certification merely as a marketing tool to expand market access, rather than a comprehensive responsibility. This illustrates a prevalence of symbolic compliance, as posited by Demirci (2025). Such an orientation deviates from the true objective of certification—shifting it from a commitment to quality and Shariah compliance to a mere instrument for commercial gain. The failure to internalize these principles is also evident in the industry's lack of understanding of the

Manual Procedure for Malaysia Halal Certification (MPPHM) 2020. According to Informant A, industry players are expected to comprehend the manual's contents prior to applying for certification; however, many have neither read nor understood it. This situation is corroborated by Informant C, who observed that the majority of certificate holders, particularly from the micro and small industry categories, fail to read the manual before delegating responsibilities to their halal supervisors. As a result of various discrepancies arising during the certification period, these organizations are eventually issued non-compliance notices. This "hands-off" attitude confirms the findings of Jamaluddin and Al Haq (2026) regarding an over-reliance on third parties, which ultimately hinders the development of internal organizational capacity. Furthermore, an analysis of post-certification behavior reveals the phenomenon of seasonal compliance (Yuniar and Iqbal, 2026; Aziz et al., 2021). Based on Informant A's observations, companies tend to adhere to standards only during the initial audit but revert to the same errors until they are redetected during surveillance audits. Issues frequently arise when a company is penalized for the same mistake twice—once during the auditing process and again during the surveillance period. This cycle of recurring errors indicates a lack of effort toward continuous improvement. This proves that as long as MPPHM 2020 is not adopted as a core guide in daily operations, the issue of non-compliance (NCR) will remain difficult to eradicate entirely.

### *Inconsistency in halal practices and physical sanitation failures*

The lack of commitment and the prevalence of symbolic compliance among top management are ultimately manifested through inconsistent daily operations on the production floor. According to Informant B, inconsistent halal practices are a primary driver of non-compliance (NCR) issues within the industry. Consistent adherence to all halal certification requirements is the cornerstone of effective halal management within an organization. This is because halal management is not restricted solely to the status of raw material sources. It also encompasses premises sanitation, food hygiene, and other operational compliance aspects. This indicates that major operational weaknesses stem from a failure to continuously integrate the Halal Assurance System (HAS), Good Manufacturing Practices (GMP), and Good Hygiene Practices (GHP), in accordance with the principles of halalan tayyiban (Ahmad et al., 2018; Baharuddin et al., 2015). The failure to maintain these elements consistently often results in reprimands and the issuance of NCRs by auditors. A notable and recurring example is the detection of rodent droppings within the retail or storage areas of a premises. This issue represents one of the most frequent hygiene related NCRs recorded during auditing and monitoring activities. This supports the warnings by Chen and Lien (2025) and Talib et al. (2010) that negligence in vector control poses a significant risk of cross-contamination, which can ultimately nullify the halal status of a product. To prevent the contamination of food and beverage products, pest control procedures must be executed regularly and consistently, whether managed by internal staff or external contractors. Beyond physical lapses, every compliance measure must be consistently documented and maintained within the "Halal File" as evidentiary proof for auditors. The maintenance of consistent records for auditing and surveillance purposes is paramount. For instance, slaughterhouses are required to meticulously maintain their meat production records, including detailed data on the number of animals that died during stunning procedures. This situation validates the findings of Aziz et al. (2021) regarding the existence of a

significant gap between administrative documentation requirements and the actual reality of worker practices on the factory floor.

### *Competency deficits and human resource overload*

The failure to maintain consistent operational compliance is fundamentally rooted in structural support weaknesses, particularly regarding skill shortages and imbalanced task distribution. Informant B noted that high employee turnover rates pose a significant threat, as they undermine the continuity of halal literacy within a company. Furthermore, some employers were found to exploit cost-saving opportunities by deliberately failing to establish dedicated positions for Halal Executives. Top management often exhibits a tendency to appoint existing staff members to fill Internal Halal Committee (IHC) quotas merely to satisfy the minimum regulatory requirements. This practice constitutes a form of minimum compliance, as discussed by Fathoni et al. (2025). Findings from Informants A and D confirm that when employees are compelled to multitask simultaneously with their IHC responsibilities, their focus diminishes due to workload fatigue. Informant C further revealed incidents where no qualified personnel were available to represent the Halal Executive function during unannounced audits, which ultimately led to the issuance of an NCR. The absence of a dedicated officer responsible for specific compliance monitoring (Al-Azmi and Hamid, 2025) fosters a "lack of ownership" syndrome within the company's halal assurance system. Consequently, without the support of a competent and dedicated human resource framework, the long-term effectiveness of halal control within an organization becomes increasingly difficult to sustain.

### *Gaps in awareness training and halal cultivation*

The Internal Halal Committee (IHC) is often superficially structured and exists only on paper. Consequently, this has the potential to trigger severe communication crises within operations, particularly regarding training and halal awareness. To enhance worker competitiveness and efficiency, specialized training and professional development programs are imperative. Halal training is essential for augmenting the knowledge and capabilities of employees, enabling them to execute their duties effectively. However, some businesses opt not to provide such training, citing the high costs associated with hiring external consultants to facilitate these sessions. More concerningly, some top management fail to provide any halal training whatsoever, despite it being a mandatory requirement and a fundamental management responsibility. This negligence aligns with Berge’s (2008) critique that industries still perceive training as a "financial liability" rather than a strategic investment for long-term sustainability. Without such training, employees, particularly frontline staff and non-Muslim workers, face significant hurdles in applying halal standards to their daily routines. Due to limited exposure and a lack of understanding regarding halal management, the majority of workers fail to comply with halal requirements or practice halal protocols correctly. This deficiency leads to sanitation negligence and the risk of cross-contamination (Chen and Lien, 2025). Informant C noted that while industrial workers may be aware that consuming halal products is a religious obligation for Muslims, they must also comprehend the broader, technical intricacies of the halal certification system. This is crucial because halal certification encompasses diverse technical aspects, including raw material management, manufacturing processes, handling, and logistics. The failure to

internalize a halal culture is further evidenced by Informant D's disclosure that operational staff were often entirely unaware of the IHC's existence within their own organization. Ideally, IHC members should serve as role models for other employees in upholding standards and safeguarding the integrity of the organization's halal certification. Informant D's observation indirectly supports the theory of ritualistic behavior (Meyer and Rowan, 1977), which suggests that the establishment of an IHC is frequently a mere cosmetic administrative measure devoid of genuine cultural integration by management. Given that a significant portion of companies is characterized by non-Muslim ownership and workforce dominance, the absence of systematic exposure makes maintaining halal standards nearly impossible without structured and continuous training.

### *Deconstructing cost myths and the crisis of external consultant dependency*

The purported cost constraints regarding employee training reveal a critical contradiction in management logic. The findings of this study refute the common perception that halal certification fees are burdensome. Based on feedback from Informants B and C, claims that these fees are prohibitive are inaccurate, as the actual costs are highly affordable and well within the financial capacity of business owners. Referring to the fee structure in MPPHM 2020, the charges are as low as RM100 per annum for micro-industries, RM400 for small industries, and RM1,000 for large industries. Both the general public and industry players often harbor misconceptions because they lack awareness of the actual certification cost structure. The costs often perceived as burdensome do not, in fact, originate from the halal certification fee itself, but are closely linked to the expenses required to meet other business prerequisites. Informant B explained that additional compliance costs, such as business registration fees with the Companies Commission of Malaysia (SSM) and licensing from Local Authorities (PBT), make the overall operation appear more expensive. Most applicants only realize the necessity of these mandatory costs during the halal application process, subsequently forcing them to incur extra expenses to meet certification standards. As emphasized by Informant C, such operational expenditures are unavoidable, and industry players should ideally possess strategic and competitive financial planning from the outset. In other words, negative perceptions are shaped by the failure of industry players to differentiate between certification fees and other business prerequisite costs (Priantina et al., 2024; Hayat et al., 2013). This inconsistency is further evidenced by the willingness of some employers to incur significant expenses for the sake of taking shortcuts. Informant A revealed that some companies are prepared to pay up to RM20,000 to external consultants solely to manage application documentation. This excessive dependency on consultants leads to an inefficient misallocation of operational funds. These exorbitant third-party management costs are, in reality, a primary contributor to non-compliance; employers often "cut" budgets for far more critical compliance elements in order to settle consultant fees.

## Conclusion

This study has meticulously analyzed the root causes of Non-Compliance Reports (NCR) among industrial halal certificate holders, with a specific focus on audit data from the Kuantan industrial zone. Overall, the findings debunk the popular assumption that NCRs arise solely from technical malfunctions or isolated negligence on the factory

floor. Instead, this research provides empirical evidence that halal non-compliance is a symptom of a more profound governance crisis, stemming from the practice of symbolic compliance by top management. The managerial perception of halal certification as a mere commercial tool has triggered a sequence of interrelated issues which forms the "NCR Chain." This chain begins with a lack of resolve to internalize the Manual Procedure for Malaysia Halal Certification (MPPHM) 2020, which subsequently leads to inefficient financial management. The willingness of employers to invest heavily in external consultants to find "shortcuts" has resulted in a skewed allocation of operational funds. Consequently, this creates a deficit in funding for critical elements such as the appointment of dedicated Halal Executives, the provision of employee training, and the strengthening of the Internal Halal Committee (IHC) structure. These human resource gaps ultimately jeopardize the sustainability of Good Manufacturing Practices (GMP) and sanitation systems in the field.

Incidents of NCR in industrial premises are not isolated events; they are manifestations of a cyclical process. This cycle starts with Factor 1 (commercial orientation and symbolic compliance), which drives Factor 5 (poor financial planning and wasteful investment in consultants). This misallocation of funds then triggers Factor 3 (absence of dedicated Halal Executives) and Factor 4 (neglect of training). Without a robust human monitoring system and competency on the ground, these issues manifest as Factor 2 (physical operational and sanitation failures) detected during regulatory audits. Therefore, future NCR prevention requires a top-down governance overhaul, where authorities prioritize the enforcement of IHC structural integrity before assessing the final output on the production floor. The findings of this study suggest an urgent paradigm shift in the regulatory methods employed by authorities such as JAKIM and JAIP. Given that the industry is highly susceptible to a culture of seasonal compliance and "operational acting" leading up to audit dates, it is recommended that authorities intensify unannounced audits more aggressively. Furthermore, the evaluation process should transcend mere physical compliance; it must incorporate direct competency literacy testing for IHC members and general staff to ensure the halal cultivation agenda is genuinely internalized. The government should also formulate more comprehensive internal capacity-building programs for SMEs to break the cycle of excessive dependency on high-cost third-party consultants. In conclusion, halal certification is not a final destination or a peak achievement, but rather the starting point of an ongoing operational commitment. The sustainability of Malaysia’s halal integrity depends heavily on a transformation of the industrial mindset, shifting away from merely seeking "minimum compliance" on paper toward a holistic internalization of the halalan tayyiban philosophy within the very core of organizational governance.

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## Conflict of interest

The authors confirm that there is no conflict of interest involve with any parties in this research study.

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