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Evaluation of Halal Compliance in Market Transactions: A Case Study of Mbale Central Market, Uganda

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1.1 Background and Significance

- Human life is based on the exchange of essential interests that sustain human existence and fulfill basic needs. Among these interests is the activity of buying and selling, which benefits the seller, the buyer, and society as a whole. Due to humanity's great need for this activity, Islamic law has permitted it while prohibiting certain types of transactions because of the religious or worldly harm they may cause. Markets play a crucial role in promoting economic activity and meeting basic human needs.
- Halal compliance refers to obedience to the Sharī'ah rules that govern production, consumption, financial dealings, and commercial transactions. The idea comes from the Qur'an and Sunnah, which place strong emphasis on fairness, transparency, and lawful (ḥalāl) earnings, while forbidding illicit features like usury (ribā), excessive uncertainty (gharar), fraud, bribery, and exploitation.

1.2 Research Purpose and Scope

- The purpose of this study is to investigate Mbale Central Market in terms of halal compliance from the standpoint of fiqh al-mu'āmalāt. The study specifically aims to evaluate if business operations adhere to Sharī'ah principles and offer suggestions for enhancing halal oversight and moral market conduct.
- Research Significance: This study contributes to the body of knowledge related to Islamic commercial law and halal compliance in African markets.
- Geographic Scope: The study is limited to Mbale Central Market and does not cover other markets in Uganda.
- Research Focus: The study highlights the history of the market, principles governing market transactions from a Sharī'ah perspective, methodology, findings, and discussion on product halal compliance, ethical trading practices, transparency and information disclosure, hygiene and sanitation standards, and institutional and regulatory compliance.

2.1.1 Markets in Ancient Times

- Markets have existed since ancient times. Public open-air markets were known in Babylon, Assyria, Phoenicia, ancient Greece, ancient Egypt, and the Arabian Peninsula. A network of markets emerged across the Mediterranean and Aegean region from the early Bronze Age onward, facilitating trade in a wide variety of goods, including salt, lapis lazuli, dyes, clothing, metals, pottery, ceramics, statues, spears, and other tools.
- Ancient Bazaar Development: Documentary sources indicate that a type of bazaar first appeared in the Middle East around 3000 BCE.
- Ancient Greek Markets: Between 550 and 350 BC, vendors grouped together according to the type of goods they sold, with structures known as stoas featuring freestanding columns and covered walkways.
- Roman Markets: Trade in ancient Rome took place in the forums. Trajan's Forum, built around 100-110 BC, represents one of the earliest examples of a permanent retail marketplace with fixed storefronts.

2.1.2 Markets in the Arabian Peninsula Before Islam

- Markets existed in the Arabian Peninsula before the advent of Islam. Arab trade caravans transported goods from the Arabian Peninsula to Persia and Rome, making well-known journeys to Yemen in the winter and to the Levant in the summer.
- Market Characteristics: Most pre-Islamic markets were seasonal, held on specific days and attracting people from various places because of their connection to agricultural and animal production.
- Notable Markets: Historians counted more than twenty large seasonal markets, including the market of al-Rabia, the market of al-Mushaqqar, the market of Dumat al-Jandal, the market of Dhi al-Majaz, and the market of Ukaz.

2.2 Islamic Principles Governing Market Transactions

- Islam has shown remarkable concern for the market. Upon the arrival of the Prophet Muhammad (pbuh) in Medina, he established a market free from unfairness and excess, based on justice and devoid of injustice, deception, fraud, and uncertainty. Pre-Islamic prohibited practices such as Bay' Ḥabal al-Ḥabalah, al-Mulāmasah, al-Ḥaṣāh, al-Munābadhah, and others were prohibited.

2.2.1 Core Principles of Halal Transactions

- **Mutual Consent:** The consent of the contracting parties is a psychological state manifested through offer and acceptance. A legitimate transaction involves no coercion or harm, as consent is a fundamental element in commerce.
- **Legal Capacity:** One of the well-known regulations in financial markets is the legal capacity of the contracting parties, which requires puberty and a sound mind.
- **Ownership:** The object of the sale must belong to the seller at the time of the contract, and the buyer must also have full ownership of the price.
- **Possibility of Benefit:** This refers to the absence of impurity in the subject of the contract and the necessity of it being a valuable asset.
- **2.2.2 Sharī'ah-Compliant Controls**
- Halal standards in market transactions are based on a set of Shariah-compliant controls aimed at permitting earnings, avoiding prohibited practices, and ensuring fairness and transparency. The default ruling for transactions is permissibility unless there is evidence to the contrary.

3. Methodology

- **3.1 Research Approach and Design**

- This research adopted the descriptive-analytical approach, as it is considered the most suitable method for the nature and objectives of the study. It involved collecting, organizing, interpreting, and presenting data both quantitatively and qualitatively using the questionnaire as the study tool in order to evaluate halal compliance in Mbale Central Market.

- **3.2 Population and Sample**

- The research population consists of all traders, consumers, local authority, public health officials, and civil society in Mbale Central Market. According to the latest statistics, the population of Mbale city comprises 290,356 people. Thompson's formula (2012) determined a required representative sample size of 385 individuals; however, due to time constraints, the researcher collected data from 200 respondents.

- **3.3 Data Collection and Measurement**

- A questionnaire was used as the appropriate tool to address the research topic and achieve its objectives. The questionnaire consists of two parts:
- Part One: Demographic information about the study sample (gender, educational level, years of experience, religion, and type of engagement).
- Part Two: The questionnaire's themes, consisting of 21 statements divided into two sections: Awareness of halal principles (4 statements) and halal compliance practices (17 statements).
- A three-point Likert scale was used to obtain the study sample's responses (agree-neutral-disagree). The Cronbach's Alpha of the study was .822.

4. Research Findings and Discussion

4.1.1 Respondent Characteristics

The data were collected from Mbale Central Market in Uganda using a questionnaire. Out of 200 respondents, 107 (53.5%) were male and 93 (46.5%) were female. The age group distribution showed that over half of the respondents are below 30 years, while four-fifths (81.5%) are below 40 years, indicating that most of the workforce is within the economically active age group.

Socio-Demographic Variable	Category	Frequency	Percentage
Gender	Male	107	53.5
	Female	93	46.5
Age Group	Below 20	18	9.0
	21-30	88	44.0
	31-40	57	28.5
	Above 41	37	18.5
Religion	Muslim	123	61.5
	Christian	72	36.0
	Other	5	2.5
Type of Engagement	Trader	127	63.5
	Dealer	56	28.0
	Government Officer	11	5.5
	Other	6	3.0
Years of Experience	Less than 1 year	13	6.5
	1-5 years	115	57.5
	6-10 years	47	23.5
	Above 10 years	25	12.5

4.1.2 Religious and Professional Composition

- Regarding religion, out of 200 participants, Muslims were 123 (61.5%), Christians 72 (36.0%), while other religions such as Hinduism accounted for 5 (2.5%). This indicates that Muslims were the majority in the city. Several stakeholders were engaged in the research: traders represented 127 (63.5%), dealers 56 (28.0%), government officers 11 (5.5%), and others such as public health officials, administrators, and passengers 6 (3.0%). The majority of participants have interacted with the market for five years, with 115 (57.5%) having 1-5 years of experience.

4.2 Product Halal Compliance

The study examined the opinions of participants regarding aspects of product halal compliance to determine the level of impact by calculating frequencies, percentages, arithmetic means, and standard deviations using a three-point Likert scale.

Statements	Agree	Neutral	Disagree	Mean	Std Dev	Rank
Most goods sold are free from Haram substances	130 (65%)	56 (28%)	14 (7%)	2.58	0.621	2
Meat and poultry are slaughtered according to Islamic law	147 (73.5%)	40 (20%)	13 (6.5%)	2.67	0.594	1
Halal and non-Halal products are properly separated	124 (62%)	59 (29.5%)	17 (8.5%)	2.54	0.649	3
Average	66.8%	25.8%	7.3%	2.60	0.621	

4.2.1 Analysis of Product Compliance

- According to the statement "Most goods sold are free from Haram substances," the majority of the participants (65%) believe that most of the products are free from Haram substances. This reflects that indigenous traders comply with Sharī'ah within the market. The low standard deviation (0.621) indicates the presence of some haram or doubtful products, particularly from foreign countries.
- The statement "Slaughter is according to Islamic law" reflects a consensus among participants, as shown by a 93.5% level of agreement and low standard deviation. This finding aligns with Sharī'ah halal food control standards which emphasize proper slaughtering procedures.
- The majority of participants notice that Halal and non-Halal goods are properly separated, with 124 (62%) agreeing, while 59 (29.5%) were neutral and 17 (8.5%) disagreed. This finding corresponds with Sharī'ah halal food control standards which emphasize the separation of halal and non-halal goods to avoid contamination.

4.3 Ethical Trading Practices

Trade is among the best worldly pursuits through which people earn a livelihood for themselves and their families and serve their communities. One of the distinguishing characteristics of a Muslim merchant is their adherence to the values of their faith and their constant reliance on their Lord.

Statements	Agree	Neutral	Disagree	Mean	Std Dev	Rank
Traders avoid fraud and cheating	98 (49%)	67 (33.5%)	35 (17.5%)	2.32	0.754	4
Accurate weights and measures are used	108 (54%)	67 (33.5%)	25 (12.5%)	2.42	0.704	1
Prices are fair and non-exploitative	95 (47.5%)	82 (41%)	23 (11.5%)	2.36	0.680	3
Traders uphold fairness and justice	100 (50%)	76 (38%)	24 (12%)	2.38	0.691	2
Unethical competition is avoided	87 (43.5%)	66 (33%)	47 (23.5%)	2.20	0.796	5
Average	48.8%	35.8%	15.4%	2.34	0.725	

4.3.1 Key Virtues of Muslim Merchants

- The majority of participants concur that ethical trading is practiced in Mbale Central Market. However, a high percentage of neutral responses (35.8%) suggests ambiguity or uneven experience among traders. The mean score (2.34) indicates a moderate degree of agreement, suggesting that not all traders apply ethical practices consistently.
- Among the most important virtues that a Muslim merchant should possess is honesty and trustworthiness, demonstrated through truthfulness in fulfilling promises, accuracy in describing goods, and transparency in disclosing profit margins. The truthful and trustworthy merchant is honored both in this world and the Hereafter.
- Another characteristic that traders must refrain from is cheating, which includes manipulating measures, weights, or counts. Allah (SWT) has strongly warned against such practices and threatened severe punishment for those who engage in them.

4.4 Transparency and Information Disclosure

The results show that the majority of participants have favorable opinions about openness and information sharing.

Statements	Agree	Neutral	Disagree	Mean	Std Dev	Rank
Traders provide correct product information	104 (52%)	76 (38%)	20 (10%)	2.43	0.662	1
Customers are informed about product sources	106 (53%)	54 (27%)	40 (20%)	2.33	0.790	2
Average	52.5%	32.5%	15%	2.38	0.726	

4.4.1 Information Disclosure Practices

- The majority of participants concur that traders are trustworthy and sharing information about products. The statement "Traders provide correct product information" ranked first with a mean score of 2.43 and a standard deviation of 0.662. The low standard deviation reflects consensus among participants, which also shows little variation in responses.
- The statement "Customers are informed about product sources" ranked second with a mean score of 2.33 and a standard deviation of 0.790. The increased standard deviation indicates somewhat more variation in respondents' viewpoints, even though the level of agreement remained high at 53%. Furthermore, 20% of respondents disagreed, suggesting that some vendors might still neglect to properly inform clients about the sources or origins of their goods.
- These findings align with principles of consumer protection and ethical business conduct, which emphasize honest communication and disclosure of product-related information. In this regard, the Prophet Mohammad (pbuh) said, "Religion is sincere advice." Through sincere advice, Islam surpasses what other nations have achieved in accountability practices.

4.5 Hygiene and Sanitation Standards

The results show that sanitation and hygienic conditions in the marketplace received a positive perception, with a mean score of 2.38 and a standard deviation of 0.727.

Statements	Agree	Neutral	Disagree	Mean	Std Dev	Rank
Market is clean and hygienic	85 (42.5%)	72 (36%)	43 (21.5%)	2.21	0.774	3
Food is handled in a sanitary manner	118 (59%)	62 (31%)	20 (10%)	2.49	0.672	1
Waste is properly managed	119 (59.5%)	52 (26%)	29 (14.5%)	2.45	0.735	2
Average	53.7%	31%	15.3%	2.38	0.727	

4.5.1 Analysis of Hygiene Practices

- The statement "Food is handled in a sanitary manner" obtained the highest ranking, indicating that most respondents strongly agreed that food sellers follow appropriate sanitary handling procedures. In particular, 59% strongly agreed, 31% were neutral, and only 10% disagreed.
- The item "Waste is properly managed" ranked second with a high mean score of 2.45 and a standard deviation of 0.735.
- The statement "Market is clean and hygienic" ranked third with the lowest mean score of 2.21 and the higher standard deviation of 0.774. Overall, the findings show that waste management and hygienic food-handling procedures are in good conditions. However, the general cleanliness and hygienic condition of the market environment may still require more attention from management and public health authorities.

• **4.5.2 Islamic Perspective on Cleanliness**

- From an Islamic Sharī'ah perspective, cleanliness (nadhafa) is an essential component of faith (Iman). The Prophet Muhammad (pbuh) said: "Cleanliness is half of faith." This Hadith emphasizes the importance for Muslims to preserve cleanliness in both private and public areas, especially marketplaces where commodities and food are traded.
- One of the objectives of Islamic law (Maqāṣid al-Sharī'ah) is to preserve human health and prevent harm (darar), which is reflected in the proper and hygienic treatment of food.

4.6 Institutional and Regulatory Compliance

The findings illustrate that national bodies responsible for halal certification (Uganda Halal Bureau [UHB] and Uganda Muslim Supreme Council [UMSC]) operate at a modest level. However, there is still some ambiguity and variation in participants' responses.

Statements	Agree	Neutral	Disagree	Mean	Std Dev	Rank
There is supervision of Halal practices	87 (43.5%)	62 (31%)	51 (25.5%)	2.18	0.813	3
Authorities enforce Halal compliance	102 (51%)	43 (21.5%)	55 (27.5%)	2.24	0.856	2
Halal certification exists	125 (62.5%)	23 (11.5%)	52 (26%)	2.37	0.869	1
Average	53.1%	29.3%	24.5%	2.28	0.839	

- **4.6.1 Certification and Enforcement Mechanisms**

- The item "Halal certification exists" with a mean score of 2.37 and a standard deviation of 0.869 came in first. This result shows that the majority of respondents are aware that the industry under investigation is monitored by national bodies. The comparatively high agreement could indicate both the market presence of certification bodies and the growing awareness of certified Halal goods and services.
- The second statement, "Authorities enforce Halal compliance," received a mean score of 2.24 and a standard deviation of 0.856. More than half of the respondents, 102 (51%), agreed that regulatory authorities enforce Halal compliance, while 27.5% disagreed. This suggests that respondents generally believe relevant institutions play an active role in ensuring adherence to Halal requirements. However, the relatively high percentage of disagreement indicates that enforcement may not be fully effective or uniformly implemented across all sectors.

- **4.6.2 Supervision and Oversight Challenges**

- The statement "There is supervision of Halal practices" ranked third. While 43.5% of respondents agreed with the statement, 25.5% disagreed, and the remaining respondents were neutral. This implies that there are methods for monitoring, but they may not be sufficiently clear, reliable, or thorough. The fact that the mean score was lower than that of the other assertions suggests that respondents were less certain that ongoing supervisory actions were sufficient.
- In general, the results indicate that most respondents acknowledge Halal governance mechanisms such as certification and enforcement, reflecting the growing institutionalization of Halal regulation. However, the respondents' neutrality and disagreement point to weaknesses in oversight and enforcement that could erode trust in the Halal system.

- **4.6.3 Islamic Principle of Supervision**

- From an Islamic Sharī'ah perspective, these findings align with the principles of Raqabah (supervision). The Prophet Mohammad (pbuh) used to visit markets to protect consumer rights, ensure transparency in transactions, and prevent all forms of commercial exploitation in order to guarantee an economic environment based on fairness and mutual consent.

5. Conclusion

- Halal principles in fiqh al-mu‘āmalāt remain highly relevant in regulating business transactions, as demonstrated by the study on the assessment of halal compliance in market transactions at Mbale Central Market. The results show that even while a large number of vendors and customers are generally aware of halal regulations, there are still major obstacles in the way of halal standards' application and oversight in the market.
- These obstacles include inadequate halal certification procedures, a lack of knowledge about Sharī‘ah-compliant business operations, weak regulatory frameworks, and the existence of dubious economic activity that could undermine customer confidence.
- The study also shows that halal compliance includes ethical behavior, openness, fairness, hygiene, and accountability in all market interactions, rather than just food and slaughtering processes. In line with Islamic teachings, proper adherence to halal standards enhances consumer protection, builds consumer-trader trust, and advances socioeconomic justice.
- Therefore, regulatory agencies, halal organizations, and religious organizations play a crucial role in raising awareness, keeping an eye on compliance, and guaranteeing the successful application of halal regulations in regional markets. The study concludes by highlighting the necessity of increased cooperation between traders, Islamic scholars, halal certification organizations, and market officials in order to enhance halal governance in Central Market.

6. Recommendations

- This research recommends enhancing Sharī'ah compliance in market transactions through the following measures:
- Improved Halal Education: Implement comprehensive training programs for traders on Sharī'ah-compliant business practices and halal standards.
- Efficient Monitoring Mechanisms: Establish robust oversight systems to ensure consistent adherence to halal compliance standards across all market activities.
- Transparent Regulatory Frameworks: Develop clear and accessible guidelines for halal certification and enforcement that are understood by all stakeholders.
- Stakeholder Cooperation: Foster collaboration between traders, Islamic scholars, halal certification organizations, market officials, and government authorities.
- Consumer Awareness: Increase public awareness about halal standards and consumer rights through educational initiatives and public campaigns.
- Institutional Strengthening: Support the capacity building of national halal regulatory bodies (Uganda Halal Bureau and Uganda Muslim Supreme Council) to enhance their supervisory and enforcement capabilities.

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THANK YOU FOR ATENTION



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