

## IMPLEMENTATION OF CO-CREATION AND OPEN INNOVATION TO SUSTAINABLE BUSINESS IN HALAL FOOD INDUSTRY: A CASE STUDY OF MUSLIM FRIENDLY RESTAURANTS IN TOKYO, JAPAN

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### ABSTRACT

Japan, with its 180,000-strong Muslim population, is one of the key players in the food industry's efforts to meet the growing demand for halal products through co-creation and open innovation (OI). Despite this, there is limited literature on the relevance and implementation of open innovation for sustainable halal food businesses. Therefore, the purpose of this research was to identify existing applications of Open Innovation and examine its impact on Sustainable Business (SB) practices from both consumer and producer perspectives. The case study analyses were conducted on five Japanese halal restaurants in the Tokyo area from the producers' perspective using the Dialogue, Access, Risk-benefits assessment, and Transparency (DART) model. A total of 57 complete responses from the consumer perspective were also analyzed using Partial Least Squares-Structural Equation Modeling (PLS-SEM) method. The results show that consumer participation through OI has a positive correlation with SB practices ( $\beta = 0.675$ ,  $p < 0.05$ ), including financial sustainability, environmental friendliness, and contribution to society with trust and loyalty. However, challenges such as cost and certification limitations hinder the provision of a full halal standard. The DART model is used to indicate open innovation strategies, but it needs restructuring to better address aspects of co-creation. Furthermore, the findings presented a framework of the SB practices components that were accomplished through OI activities. This research contributes to the identification of alternative strategies such as market penetration and continuous improvement to survive challenges in the minority business segment.

Keywords: Co-creation, halal food industry, open innovation, sustainable business

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