

# The Intention of Food Manufacturer toward Application of Online Halal Label in Selangor

A L Zul Ariff<sup>1,a)</sup>, R Golnaz<sup>2,b)</sup>, B. Abdullah<sup>3,c)</sup> and M H Mohd Safuan<sup>4,d)</sup>

<sup>1</sup>*Faculty of Agro Based Industry, Universiti Malaysia Kelantan, Locked Bag No. 100, 17600 Jeli, Kelantan, Malaysia.*

<sup>2</sup>*John Molson School of Business, Concordia University 1455 De Maisonneuve Blvd. W. Montreal, Quebec, Canada.*

<sup>3</sup>*School of Business and Finance, University of the Western Cape, Robert Sobukwe Road, Bellville, 7535, Republic of South Africa.*

<sup>4</sup>*Ramly Food Marketing, Taman Perindustrian IKS Mukim Batu, 68100 Kuala Lumpur, Malaysia.*

Corresponding author: <sup>a)</sup>zulariff@umk.edu.my

<sup>b)</sup>golnaz.rezai@concordia.ca

<sup>c)</sup>abbayat@uwc.ac.za

<sup>d)</sup>safuan@ramly.com.my

**Abstract.** Globally, most Muslim has high attention towards halal food especially here in Malaysia due to the increasing number of Muslim that consumes and promotes the halal food. The purpose of this study is to determine the most influential factors of food manufacturer towards online halal label. A purposive sampling technique was applied in selecting 50 food manufacturers at MAHA event located at MAEPS, Serdang, Selangor. The result of statistical tests, the knowledge, attitude and practices were a statistically significant association with the online halal label application among food manufacturer in Malaysia. From this study, it shows that the application of online halal label as a huge potential in Malaysia as the manufacturer is aware of the online application of the halal label.

## INTRODUCTION

Malaysia become one of the countries that hold a status as a world leader for Halal economy [1]. The concept of Halal in Malaysia become a benchmark for many countries due to its high quality and certification which link to the product hygiene. International market recommends JAKIM and JAIS as the best Halal authority in Malaysia in term of certified the product and goods. Basically, Halal certification in Malaysia is issue by government unlike from many other countries which the certification is endorse by the respective Islamic association in their own country. As for that, Malaysia Halal logo is recognized and compliance in the world [2].

Halal which means 'permissible' is in the term of Holy Al Quran and Sunnah. This halal term not only covers on aspect slaughtering, storage, display and hygiene but it about how the food was prepared. Also, halal food is designed to protect Islamic users from fraud and mislabelling. It helps the consumers to make a good choice of food. The halal label was the most important labels for Muslim in consuming food products. The halal label will ensure that the food that will be consumed contains no forbidden ingredient that was prohibited by Zulariff et al. [3].

Zulariff et al. [3] argued food products' labelling important in the food marketing system through their influence on consumer confidence in food qualities, and consumer knowledge on diet and health. However, details provided such as halal logo, raw materials and nutrient are limited to consumers' information digestive abilities and time. The reality remains that food labels to some degrees provide and from the earlier information to buyers about the nourishment thing and the producer's standard, but the need of the food labels for buyers is still uncertain. Halal food is created to prevent Muslim consumers from fraud and mislabelling. Labelling prevent deceit, and help consumers make welfare-maximizing choices. The benefit of labels is as consumer right to know about their food product before

purchasing them. Labels should be short description but clear, and meaningful. Commonly, the ingredient label does not list the origin of the ingredients and may contain hidden ingredients such as processing aids, anti-caking agents, carriers, and incidental ingredients from various sources present another serious issue for Muslim consumers. These two issues in labelling that concern Muslims, the hidden ingredients and the doubtful ingredients can be addressed through halal certification and proper labelling and markings logo on food product.

In a study done by Latiff et al. [4] among consumers found that consumer has high intention to use online Halal label system in Malaysia because it can contribute more positive impact and beneficial such as consumer can excess to check either the product is halal and save to consume or not. This study was focussed on the food manufacturer. The awareness of online halal label towards the manufacturer must be monitored to avoid unethical producers to manipulate the consumers. In Malaysia, most of the food manufacturers are aware that the Halal food industry is one of the industries that influence the level of economic in Malaysia [5].

Malaysia has the potential to be the leader in the halal food industry compared to other Muslim countries around the world. This is because Malaysia is in the top 10 ranks in Muslim countries with halal certificates which are recognised and accepted worldwide. Malaysia holds a special position in the global halal food market because they are the first country to cover over government agencies to control halal and give halal certification. The halal food control system in Malaysia is known to have five important components to ensure the food control system are effective, halal food product law, halal food management, laboratory education and inspection, training and communication. For the time being, Malaysia once again led the Global Islamic Economic Indicators for the fifth year in a row. This news is amazing to lead a strong Islamic Economic ecosystem, with Malaysia able to further develop in Islamic finance and halal food [6].

Halal issues are always linked to food and less distributed to non-food processing plants. In the food industry, Halal standards must be adhered to not only during production but at all levels ranging from production and supply chains including procurement of raw materials, logistics, food labelling and final packaging. Malaysia has introduced MS 1500: 2004 for food processing companies to follow standards for certification as Halal. Hence, the message given is clearer to the producer of goods so that it will not be a focus issue for Muslims because more than sixty per cent of Malaysians are Muslims. Halal certification is important to ensure non-food products as well as provide certainty and satisfaction among Muslim consumers to use products without any ambiguity [7].

The concept of halal products or foods is now gaining a worldwide discussion due to its recognition as an alternative benchmark for safety, hygiene and quality assurance of what we consume or drink daily [8]. There are a few methods on how to apply a halal label such as apply it manually or to make it easy for the applicant they can apply through online. But most of the food manufacturer in Malaysia is still lack of knowledge and information on how to apply the online halal label. If any of the food manufacturers don't know how to apply halal label through online, it will not only affect the food manufacturers but also will affect their product and the customers itself. The food manufacturer will face difficulties in marketing their product in a wide market if they cannot obtain the halal certificate then the customers also will have a doubt on their products halal status. The food manufacturer probably can apply the halal certificate or label by applying it manually, but if they know about the existence of online halal label, their procedure will be much easier. Normally consumer poses knowledge about food product which meet the requirement [9].

Before the food manufacturer obtains the halal certification, they need to apply it first manually or through online. It will hard for them to get customers to trust if they don't have the halal certification because nowadays most of the consumers want to purchase a product that has the halal logo. With the existence of online halal label, it will be easier for the food manufacturer to apply for the halal label. They don't need to apply it manually anymore. Everything is at their fingertips.

This is important to find out the intention of the food manufacturer towards online halal label because it will affect all people. Food manufacturer will gain benefit from this study by being aware that it is important to apply the online HALAL label for their products. This study also will be beneficial to the government and policy maker because it will reduce the amount of non-healthy food import to enter our country and reduce the challenge of HALAL food industries to compete in Malaysia. Consumers also can buy the product without any doubt because the product is guaranteed to be in high quality, wholesome and hygienic.

## MATERIALS AND METHODOLOGY

For this study, two types of data collection used which are primary data collection and secondary data collection. Primary data collection was collected from survey questionnaires and secondary data from different sources of information which were available in the library. The survey questionnaires were designed based on KAP models for food manufacturers to address the objectives of the study. The survey questionnaires were distributed to 50 food manufacturers from a different company at MAHA 2018 in Serdang, Selangor. The study was done by using purposive sampling technique. The advantages of this method are it is much cheaper, and the minimum time required to get the result. SPSS version 21.0 was used to analyse the data from these questionnaires. The frequency analysis for respondents' demographic profile was produced from the descriptive analysis. The data were further analysed with factor analysis to determine the most influences factor of food manufacturers towards the application of the online halal label.

## RESULTS AND DISCUSSION

### Demographic Information

From demographic data in Table 1 below, it clearly shows that age 31 to 40 years old had the highest percentage 36% followed by age 21 to 30 years old which contribute 34%, age 41 to 50 years old which contribute to 22%, age more than 50 years old which contribute to 6% and age less than 20 years old which contribute to 2%. Both male and female were contributed to the survey with a percentage of 44% and 56% respectively. Every race also cooperates to contribute to this survey which included Malay, Indian, Chinese and others which give different percentage 76%, 18%, 4% and 2% respectively. There were several education levels of the respondents, but the highest education level of the respondents is a degree (46%), followed by diploma at 24%, secondary level at 18%, postgraduate at 6%, others at 4% and primary level at 2%. Furthermore, the highest percentage of monthly income is RM3001 to RM10000 that contribute to 44% of the total percentage. This followed by RM1501 to RM3000, less than RM1,500 and more than RM10001 which are 34%, 14% and 8% respectively.

TABLE 1. Socio-Demographic Profile of the Respondents.

Item	Frequency	Percentage (%)
<b>Age</b>		
<20 years old	1	2.0
21-30 years old	17	34.0
31-40 years old	18	36.0
41-50 years old	11	22.0
>50 years old	3	6.0
<b>Gender</b>		
Male	22	44.0
Female	28	56.0
<b>Race</b>		
Malay	38	76.0
Indian	2	4.0
Chinese	9	18.0
Others	1	2.0
<b>Educational level</b>		
Primary	1	2.0
Secondary	9	18.0
Diploma	12	24.0
Degree	23	46.0
Postgraduate	3	6.0
Others	2	4.0

**TABLE 1.** Socio-Demographic Profile of the Respondents (Continued..).

Item	Frequency	Percentage (%)
<b>Monthly Income</b>		
<RM 1,500	7	14.0
RM 1, 501 – RM 3,000	17	34.0
RM 3,001 – RM 10,000	22	44.0
RM 10,001	4	8.0

For this part, an Exploratory Factor Analysis (EFA) was carried out to classify the component matrix. Keiser-Meyer-Olkin (KMO) sampling adequacy and the presence of the correlation between all variables. Table 2 below shows the KMO and Bartlett's Test of knowledge, attitude and practices. All KMO and Bartlett's Test display significant results, and all the results show that KMO value greater than 0.8 which is in an acceptable range and satisfactory. These results mean that there are inter-correlations among the variables.

**TABLE 2.** KMO and Bartlett's Test

	Knowledge	Attitude	Practices
<b>Kaiser Meyer Olkin Measuring of Sampling Adequacy</b>	0.841	0.873	0.877
<b>Bartlett's Test of Approx. Chi-Square Sphericity</b>	237.696	206.101	197.039
<b>df</b>	28	28	28
<b>Significant</b>	0.000	0.000	0.000

The percentage of variance explained is used to measure how much total variance accounted by each factor. Table 3 below shows the result of variance explained by knowledge, attitude and practices. The factors or dimensions with variance explained more than 50% was figured as significant. Thus, the data shows that the factors indicate the strong relationship of three factors and significant with the application of online halal label system in Selangor. Based on the results in Table 3, the most influence factor of food manufacturers toward application of online halal label is the attitude of food manufacturer. The attitude showed that the highest variance among the other factors with the percentage of 58.241.

**TABLE 3.** Result of Variance Explained.

Dimension (Factor)	Variance (percentage of explained)
Knowledge of food manufacturer in the application of online halal label system	58.144
The attitude of a food manufacturer in the application of online halal label system	58.241
The practice of food manufacturer in the application of online halal label system	55.656

## CONCLUSION

In summary, the study had determined and confirmed that attitude was the most influencing factor of food manufacturer towards online halal label application. This shows that food manufacturers intend to online halal label application because of their attitude. Generally, the study provides us with some insights on food manufacturers' behaviour on online halal label application in Malaysia. The study also confirms that the other two factors which is knowledge and practice has impact toward the usage of online halal label among food manufacturers For a wider perspective of research findings, it is suggested that a full-scale study using larger samples that will include other regions and other food manufacturer be conducted in future so that the findings will eventually be more applicable to the Malaysian food manufacturer as a whole. This also suggested that future research should take into account of

Malaysian food manufacturers' application on halal label can be a model to other global food manufacturer in applying halal label.

## REFERENCES

1. Information on: <https://www.nst.com.my/opinion/columnists/2018/12/442596/seizing-halal-opportunity-malaysia>.
2. Information on: [http://www.halaljournal.com/artman/publish/article\\_511.shtml](http://www.halaljournal.com/artman/publish/article_511.shtml). (2006, December 5).
3. A. L. Zulariff, Z. A. Mohamed, G. Rezai and A. Mohamadamizi, *J. Food Prod. Mark.* 21-4, 137-146 (2015).
4. Z. A. Abdul Latiff, N. Z. Kasim, N. A. Din, N. Abdul Rapar, N. Yakob, F. N. A. Mohd Ramli and N. Muhamad, *Borneo Journal of Sciences and Technology*, 1(1),15-20 (2018).
5. K. M. P. C. Selvarajah, *International Journal of Management and Social Sciences*, 354-364 (2017).
6. Information on: <https://www.nst.com.my/news/nation/2018/04/352967/malaysia-wants-play-bigger-role-world-halal-industry>
7. C. S. Chandram, "Halal Marketing in Food and Non-Food Products" (MBA, (2009).
8. A. R. Ambali and A. N. Bakar, *Procedia - Social and Behavioral Sciences*, 121, 3 – 25 (2014).
9. Z. A. A. Latiff, S. I. Mokhtar, S. Woon and M. A. Ayob, *J. Food Prod. Mark.* 24(3), 263 -279 (2018).