

# HALAL LOGO AND THE CONFIDENCE LEVEL OF MALAYSIAN CUSTOMERS ON INDONESIAN HALAL CERTIFIED PRODUCTS

**Jamal Abdul Nassir Bin Shaari, Universiti Sains Islam Malaysia  
Muhammad Khalique, Mirpur University of Science and Technology (MUST)  
Haslan Bin Ottot, Universiti Malaysia Sarawak**

## ABSTRACT

*The main objective of this study was to determine the influence of halal logo, devoutness, awareness and marketing on the confidence level of Malaysian customers in Sarawak Malaysia for Indonesian Halal certified products. To achieve the objective of this study four-research hypotheses were constructed. Primary data were gathered through structured survey form. The measurement scale was measured through six point Likert Scale. A total of 500 feedbacks involved in this study, and the respondents were selected through purposive sampling technique. Empirical findings reported that halal logo appeared as insignificant contributor while devoutness, awareness, and marketing seemed as significant predictors with confidence level of customers in Sarawak, Malaysia. Findings of this study highlight what matters for foreign halal certified products to be accepted. This study suggests, future studies can be conducted in other states of Malaysia to examine the confidence level of Malaysian customers for neighbouring halal industry.*

**Keywords:** Halal Logo, Devoutness, Awareness, Marketing, Confidence level, Indonesia, Sarawak, Malaysia.

## INTRODUCTION

In Muslim society, the deep-rooted religious values abided by the guidelines provided in the Holy Quran and Sunnah with full spirit and magnitude. Halal industry mainly based on faith and belief that Muslim should eat halal food and halal drink. Muslim strongly believed the halal food is very important to protect their health and faith. As a results Muslim seek halal products, more specially foods and drinks. Subsequently, halal market represents a significant portion in entire global halal industry. Sizable and mounting Muslim consumer market across the earth expressing the double-digit growth and provides overabundance opportunities and avenues for halal products and services (Hosain 2021). This market is rising as the most lucrative and leading player in the world. Due to significant contribution of halal industry around the globe, continue to develop its imputes in food market. Presently, halal food industry extended beyond the food and beverage industry to cosmetics, pharmaceutical health products, “toiletries and medical devices as well as service sector components such as logistics, marketing, print and electronic media, packaging, branding, and financing”(More 2021).

Across the globe, Malaysia is one of the most important suppliers of the halal foods to others countries. Malaysia follows halal and haram values very strictly. In Malaysia, Jabatan Kemajum

Islam Malaysia (JAKIM) is responsible to maintain the halal standards in foods and services. Malaysian halal food industry is growing exponentially around the globe. In 2020, Malaysia export halal products amounting RM 30.5 billion with the help of 1507 halal certified exporters and has secured 1<sup>st</sup> rank of Global Islamic Economic Indicator (GIEI) (Compass, 2021).

## **HALAL INDUSTRY**

The importance of Halal Industry has secured overwhelmed response from the researchers and academicians around the globe. Generally, it assumed that the halal industry mainly based on the business phenomena of the population of Muslim. In world, the population of Muslims represents around 23% of the total world population or around 1.8 billion consumers having with 3% growth rate per year. It estimated that if the population of Muslims will increase with the same momentum in 2030 it will around 2.2 billion with 26% of total world population. Muslims majority countries in South Asia such as Pakistan, Bangladesh, Middle East, and south East Asia like Indonesia are the big markets for the halal products and services. Malaysia is a Muslim majority country and representing valuable contribution in exporting halal products to rest of the world. Undoubtedly, the halal market has emerged as one the most important and progressive market arena. It considered as the most profitable and influential market as compared to others industries. In 2020, this emerging market expended very strongly and over the past decade, its worth counted USD 667 million. Its input in global food industry as estimated 20% and it assumed that in 2050 the demand of halal food would touch 70% of entire global food industry by 2050.

## **HALAL LOGO**

Halal logo is considering the most influential component of halal products and services. Halal Malaysia logo is a most common graphic presentation, which refer the product and services are certified by JAKIM (Ismail et al., 2016). Halal logo or labelling expressed that the concerned department certifies the products and services met the standards of Islamic values. In Malaysia, the JAKIM is the authority to issue the certificate of Malaysia Halal food and services (Fahmi et al., 2019). Halal logo plays very crucial role for branding and the development of business around the world. People can recognize the halal products and services through halal logo. Therefore, halal logo is important for the success of business and recognition of halal products.

## **DEVOUTNESS**

Trust in halal logo is the most important factor of success and satisfaction of customers. Many researchers such as (Shaari et al., 2013; Aniqoh & Hanastiana, 2020) expressed that the importance of religion plays crucial role on the attitude and behaviour of customers to buy products and services. To develop eating and drinking habit religion plays significant contribution (Ismail et al., 2016). Ahmed et al. (2020) argued that in society religion is the most vital factor influencing on the behaviour of customers and it determined the halal and haram. Muslim society strictly concern about halal food and (Shaari et al., 2013) found that halal food is positively related to the customer's religiosity. Devoutness is very important to develop the confidence level of customers on halal products.

## AWARENESS

Related literature review expressed that the awareness is very vital for determining the intention to buy products or services. Halal awareness is a construct that can apply for a particular behaviour. Awareness is the the first step that attract consumers for purchasing and it create familiarity (Bashir, 2019). Awareness refers the information and knowledge about the particular subjects or products. Halal awareness affects the decision of consumer buying halal food products. Many researchers for example (Mutmainah 2018; Shaari et al., 2013) argued that the halal awareness has positive significant effect on the consumer purchase intention on halal foods and services.

## MARKETING

Effective and efficient marketing is very important for the success and survival of any business enterprises. Marketing is very crucial for creating awareness and establishing a brand name. Marketing plays significant role to enhance the halal products and service around the globe. Islam presents the halal marketing concept based on “Halalan Thoyyiban”. It refers products and services not violate the basic principles of Islamic Sharia (Shaari et al., 2013, Fahmi et al., 2019). In halal marketing perspective the marking process should not be against the Islamic Sharia for example gambling, pornography, prostitution, black magic and etc.

## CONFIDENCES LEVEL

Consumer confidence is the most important and the ultimate objective of the business. Confidence level measures the strength of business. Fake halal logo destroys the confidence level of consumer intention to buy the products and services. Confidence level of consumers on halal products is very important. Mohamed et al. (2013) argued that Muslim consumers are keen for unclear and fake information and this type of information may shake the confidence level of consumers (Teng et al., 2019; Shaari et al., 2013). Confidence level is very vital for Muslim consumers for certain halal food products.

## CONCEPTUAL FRAMEWORK

The main objective of this study is to determine the consumer intention on the confidence level. In this study, halal logo, devoutness, awareness, and marketing were used as independent variable while the confidence level was treated as dependent variable. Four research hypotheses were constructed to get the objective of the study. Research hypotheses of the study are as follow;

- H<sub>1</sub>:** *Halal logo has positive significant impact on the confidence level of Malaysian for Indonesian Halal certified products.*
- H<sub>2</sub>:** *Devoutness has positive significant impact on the confidence level of Malaysian for Indonesian Halal certified products.*
- H<sub>3</sub>:** *Halal awareness has positive significant impact on the confidence level of Malaysian for Indonesian Halal certified products.*
- H<sub>4</sub>:** *Marketing has positive significant effect on the confidence level of Malaysian for Indonesian Halal certified products.*

## RESEARCH DESIGN

This study based on primary data and cross sectional in nature. The required data were gathered through structured survey form with six points Likert Scale. The data were gathered from the major cities of Sarawak. Sarawak is one the largest states of Malaysia bordering Kalimantan of Indonesia. In Sarawak non-Muslim are in majority and the concept of halal is very important in the society. In this study 500 useable questionnaire survey forms were involved to test the proposed research hypotheses. The sample was picked through purposive sampling technique.

## RESULTS

Before empirical analysis, the data were screened and cleaned through finding outliers in dataset and normality tests. To establish the reliability and validity of the measurement scale suggested by (Khalique et al., 2020) tests were operationalized. Smart PLS was used to examine the reliability, validity of measurement scale and to test the proposed research hypotheses of this study. Smart PLS based on two models namely, measurement Model and structural Model.

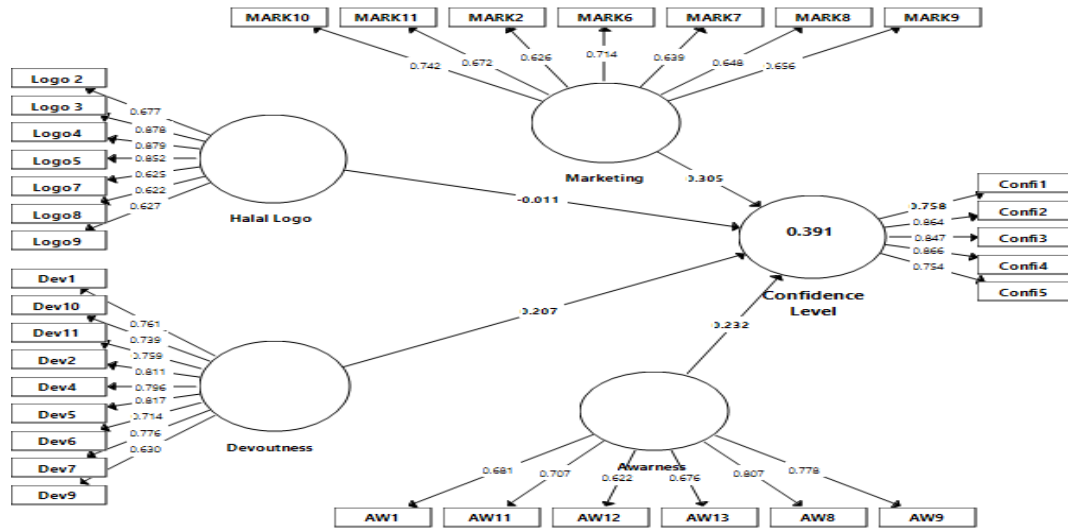
## MEASUREMENT MODEL

In Smart PLS, measurement model is used to examine the reliability and validity of the employed constructs. Reliability measured through loading values, Cronbach Alpha, Average Variance Extracted (AVE) and Composite Reliability (CR). Validity of the scale measured through discriminant validity criteria suggested by (Fornell & Larcker, 1981). Results of reliability and validated are reported in Table 1, Table 2, and Figure 1. Results reported that the employed constructs met the thresholds suggested by (Fornell & Larcker, 1981; Chin, 1998; Henseler et al., 2015, Khalique et al., 2020).

No	Items	Loading	Items	Loading	AVE	CR	Alpha
1	LOGO 1	0.494	Deleted	0.000	0.557	0.896	0.868
2	LOGO 2	0.548	LOGO 2	0.677			
3	LOGO 3	0.680	LOGO 3	0.878			
4	LOGO 4	0.674	LOGO 4	0.879			
5	LOGO 5	0.649	LOGO 5	0.852			
6	LOGO 6	0.445	Deleted	0.000			
7	LOGO 7	0.703	LOGO 6	0.625			
8	LOGO 8	0.704	LOGO 7	0.622			
9	LOGO 9	0.713	LOGO 8	0.627			
10	LOGO 10	0.427	Deleted	0.000			
11	LOGO 11	0.450	Deleted	0.000			
12	LOGO 12	0.435	Deleted	0.000			
13	LOGO 13	0.448	Deleted	0.000			
14	LOGO 14	0.409	Deleted	0.000			
15	LOGO 15	0.499	Deleted	0.000			
16	DVO1	0.758	DVO1	0.761	0.574	0.924	0.906
17	DVO2	0.807	DVO2	0.811			
18	DVO3	0.213	Deleted	0.000			
19	DVO4	0.795	DVO4	0.796			
20	DVO5	0.817	DVO5	0.817			

21	DVO6	0.713	DVO6	0.714			
22	DVO7	0.777	DVO7	0.776			
23	DVO8	0.283	Deleted	0.000			
24	DVO9	0.624	DVO9	0.630			
25	DVO10	0.735	DVO10	0.739			
26	DVO11	0.759	DVO11	0.799			
27	AWAR1	0.687	AWAR1	0.681	0.511	0.861	0.808
28	AWAR2	0.344	Deleted	0.000			
29	AWAR3	0.234	Deleted	0.000			
30	AWAR4	0.291	Deleted	0.000			
31	AWAR5	0.545	Deleted	0.000			
32	AWAR6	0.230	Deleted	0.000			
33	AWAR7	0.259	Deleted	0.000			
34	AWAR8	0.780	AWAR8	0.807			
35	AWAR9	0.741	AWAR9	0.778			
36	AWAR10	0.207	Deleted	0.000			
37	AWAR11	0.707	AWAR11	0.707			
38	AWAR 12	0.606	AWAR 12	0.622			
39	AWAR13	0.655	AWAR13	0.676			
40	MARK1	0.311	Deleted	0.000	0.542	0.852	0.798
41	MARK2	0.658	MARK2	0.626			
42	MARK3	0.361	Deleted	0.000			
43	MARK4	0.228	Deleted	0.000			
44	MARK5	0.432	Deleted	0.00			
45	MARK6	0.738	MARK6	0.714			
46	MARK7	0.594	MARK7	0.639			
47	MARK8	0.605	MARK8	0.648			
48	MARK9	0.606	MARK9	0.666			
49	MARK10	0.693	MARK10	0.742			
50	MARK11	0.629	MARK11	0.672			
51	CONFI 1	0.760	CONFI 1	0.758	0.672	0.911	0.876
52	CONFI2	0.865	CONFI2	0.864			
53	CONFI3	0.849	CONFI3	0.847			
54	CONFI4	0.864	CONFI4	0.866			
55	CONFI5	0.752	CONFI5	0.754			

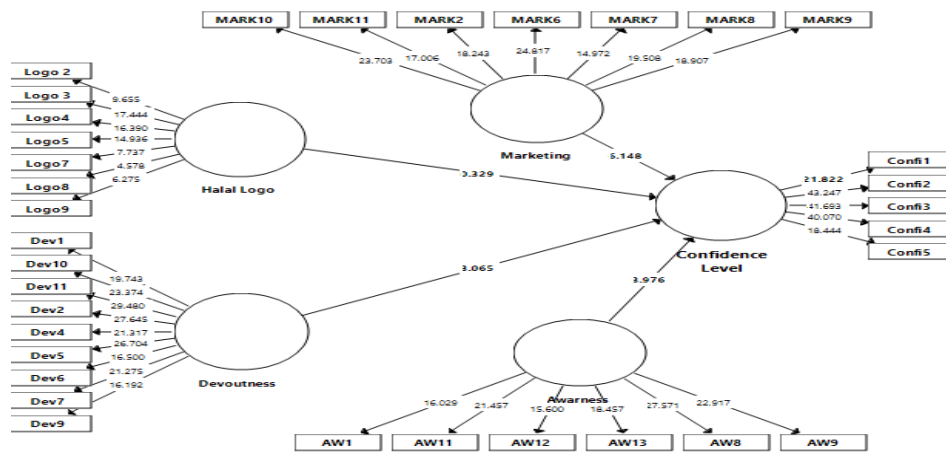
	<b>Awareness</b>	<b>Confidence</b>	<b>Devoutness</b>	<b>Logo</b>	<b>Marketing</b>
<b>Awareness</b>	0.715				
<b>Confidence</b>	0.540	0.819			
<b>Devoutness</b>	0.659	0.504	0.758		
<b>Logo</b>	0.316	0.200	0.343	0.746	
<b>Marketing</b>	0.575	0.537	0.485	0.219	0.672



**FIGURE 1**  
**MEASUREMENT MODEL**  
**STRUCTURAL MODEL**

In Smart PLS, structural model is used to test the research hypotheses. In this study, hypotheses were tested by using bootstrapping with 5000 sub sample units. Results reported in Figure 2 and Table 3.

Hypothesis	Coefficient	t-values	Sig.	Remarks
Halal Logo → Confidence Level	-0.011	0.329	0.742	Not Supported
Devoutness → Confidence Level	0.232	3.065	0.002	Supported
Awareness → Confidence Level	0.207	3.976	0.000	Supported
Marketing → Confidence Level	0.305	6.148	0.000	Supported



**FIGURE 2**  
**STRUCTURAL MODEL**

## DISCUSSION AND CONCLUSION

Halal industry has very significant and visible contribution in food industry around the globe. The main objective of this study was to examine the influence of halal logo, devoutness, awareness and marketing on the confidence level of the customers in Sarawak Malaysia for Indonesian Halal Products. Sarawak is one of the prominent states of Malaysia and bordering Kalimantan, Indonesia. In this study, 500 individuals were participated to test the proposed research hypotheses. Smart PLS was used to test the proposed research hypotheses. The empirical findings expressed that three out of four research hypotheses were supported. Halal logo appeared as insignificant contributors while devoutness, awareness, marketing were appeared as significant contributors. Empirical findings showed that customers in Sarawak may not have much information about Indonesian halal logo, but devoutness, awareness, and marketing are factors that matters for Malaysian Muslim to accept their neighbouring halal certified products.

## LIMITATIONS AND FUTURE RECOMMENDATIONS

Like other studies, this research has some limitations. This study was cross-sectional in nature and the data were collected in one time. Therefore, the generalizability of the findings of this study is limited. This study, recommend for the potential researchers to conduct their empirical research in longitudinal with bigger sample size. In addition, this study, recommend to conduct the same study in other states of Malaysia to understand the confidence level of customers on halal industry.

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