

EXAMINING THE AWARENESS OF HALAL LOGO AND THE CONFIDENCE LEVEL OF MALAYSIAN FOR THAILAND HALAL PRODUCTS

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ABSTRACT

Halal industry has a significant contribution to the global food market. Halal consciousness and mindfulness are sharpened in multi-ethnicities, multi-religious and multi-linguistic societies, where Muslim and Non-Muslim coexist. In Malaysia, the constant flow of people as a tourist, commodities, and information from the rest of the world, the interaction zone between Muslim and Non-Muslim has been widening. The main intention of this study was to examine the factors that influence the confidence level of Malaysian customers accepting Thailand halal logo products. To achieve the objective of this study, 500 individuals from the northern part of Malaysia that is Alor Setar, the capital city for the State of Kedah were picked through purposive sampling technique. Data were gathered through a structured survey form. Smart PLS was used to examine the proposed research hypotheses. Results reported marketing and awareness were supported while Thailand's halal logo and devoutness were not supported. This study will be useful for policymakers and future researchers to explore this area in detail.

Keywords: Halal Logo, Devoutness, Awareness, Marketing, Alor Setar, Kedah Malaysia

INTRODUCTION

In a contemporary business environment, the halal industry is growing exponentially around the globe and it has secured overwhelmed response from academicians and researchers. Many researchers such as (Puspaningtyas 2021; Elias et al., 2016; Fahmi et al. 2019; Shaari et al., 2013) argued that the halal food industry is playing a significant contribution to the international food market. The halal food market is mainly based on the principles of the Islamic religion. Islamic principles, law, and values are derived from Holy Quran and Hadith (Prophet Muhammad Saying). In Islam Halal and Haram are clearly defined and for the Muslim community, it is compulsory to follow the Islamic principles with full spirit and zeal (Hosain 2021). Despite the Muslim community, halal food is growing sharply in Non-Muslim society. The halal food market is considered one of the largest food markets in the globe due to healthy, safety, and high-quality assessment. Presently many non-Muslim societies are convinced that halal food is good for their health and hygienic improvement.

In 2020, the global halal food industry has “USD 1374590 million and it is expected to reach USD 1872260 million by the end of 2027, with a CAGR of 4.3% during 2021-2027” contribution in the global food industry. The halal food industry is considered as the largest consumer market in developing and developed economies. In 2020, the total Muslim population was estimated at 1.9 billion. It is stated that in 2030 the Muslim population will be

approximately 2.1 billion and in 2050 it will be 2.7 billion. This evidence showed that the Halal food industry is continuously growing and there is a lot of potential for halal food. The halal market is growing exponentially in the global food industry. Presently, halal food represents 20% of the entire global market and is projected 70% in the global food market in 2050. It expressed that the halal food industry has strong potential in the future.

Malaysia is a Muslim majority, multicultural, and multi-religious country in South East Asia having a progressive and vibrant economy. Malaysia has a major contribution to the halal food industry and is considered as a leading halal economy in the world. Malaysia is considered a pioneer in the global halal market (Shaari et al., 2013; Hosain 2021). In Southeast Asian countries, Malaysia triggered the concept of halal certification during the Islamic reconstructions movement (Islamization) in 1970. Malaysian government initiated the halal policy in 1980 and launched the halal certification system in early 1982. It was a revolutionary step and the government of Malaysia projected the Halal Hub strategy in 1990. The Malaysian government has established a department namely the Department of Islamic Development Malaysia, *Jabatan Kemajuan Islam Malaysia (JAKIM)*. In Malaysia, JAKIM is fully responsible to maintain the standards of halal as per Islamic law and principles.

In 2021, JAKIM has approved 86 halal logos from 46 countries of the world. JAKIM approved eight halal logos of Australia, Japan (seven), China (six), four each in India and United States, and three each in Brazil, Netherlands, the Philippines, and South Africa. Similarly, two halal logos each from Canada, Italy, Kazakhstan, New Zealand, Pakistan, Poland, South Korea, Spain, Switzerland, Turkey, United Kingdom, and one halal logo each from Austria, Argentina, Bangladesh, Belgium, Bosnia and Herzegovina, Brunei, Chile, Croatia, Egypt, France, Germany, Indonesia, Iran, Ireland, Kenya, Lithuania, Maldives, Morocco, Portugal, Singapore, Sri Lanka, Taiwan, Thailand, Tunisia, Ukraine, and Vietnam were also approved. In Malaysia, the halal food industry is expanding exponentially and there is a great need to create awareness of the halal logo for the confidence of customers on halal products and services. This study attempts to promote the halal concept in the emerging market of the halal food industry in developing and developed economies. In addition, this study highlights the ways to enhance the acceptance of halal products from different countries.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

In the Arabic language, the word halal is expressed as permitted and allowed while haram means non-permitted and not allowed. This concept is not only applicable in food but applies in our daily life activities (Wan Ismail et al. 2020). The concept of halal is derived from Islam. Islam has strongly concerned about the health of the body and soul. Islam stressed all Muslims to take halal food and drinks and avoid all those things having bad effects. Muslim society has mandatory obligations to consume halal products in form of food, drinks, services, and avoid all haram activities (Teng et al., 2019). Halal logo is very important for the confidence level of customers to buy halal products. In the same way devoutness, awareness and marketing are also considered as the most crucial element in the halal industry to win the confidence level of customers. The confidence level of customers reflects the loyalty, commitment, and trust of customers that the products have halal values and carry all Islamic attributes.

Malaysia is a leading country in the halal food industry. Malaysia has established many clusters to promote halal food and beverages within the country and outside the country. The government of Malaysia took serious attention to support the development of the halal market that will be able to meet the national and international demand (Fahmi et al., 2019). JAKIM is the sole and authorized body in Malaysia to issue halal logo certificates and screen and imposed halal rules and values. To strengthen the halal industry the government of

Malaysia introduced several incentives such as tax exemptions and double deduction incentives in halal-park, halal logistic operators, and halal industrial players. In 2020, the contribution Malaysian halal food industry in the global food industry was estimated “a halal export value of RM 40.2 billion in 2019, a slight increase as compared to RM 40.0 billion in the previous year, backed by higher imports from the Americas. In 2019, the Americas contributed an estimated RM 4.0 billion of imports from Malaysia as compared to RM 3.7 billion in 2018, displaying a year-on-year increase of 7.7%” (Gateway 2020).

Halal Logo

Knowledge about the products and services is very important to secure the confidence level of customers and purchase intention (Puspaningtyas, 2021). To promote the halal industry and provides halal food and drink in the market halal logo is very important. The halal logo is very crucial for the recognition of halal food in the market. Muslims and Non-Muslim can easily get information about halal certification. Registered halal logos from JAKIM can easily earn the confidence level of customers in Malaysia. In the case of products from Thailand, The Central Islamic Council of Thailand (CICOT) Halal logo is one of the foreign halal certifications recognized by JAKIM.

Hypothesis 1: Halal logo has a positive significant effect on the confidence level of Malaysian for Thailand Halal certified Products.

Awareness

Awareness plays a significant role in the development and growth of any products and services (Elias et al., 2016, Puspaningtyas 2021). Similarly, awareness of the halal logo is very important in the market to create consciousness of the halal concept. It is considered a vital component of the halal logo. Shaari et al. (2014) argued that Muslim entrepreneur has a different level of understanding and perception about the awareness of products and services. Awareness of the halal concept expresses how products are kept, sanitized, observed, and transferred in various manufacturing and distribution systems (Elias et al., 2016).

Hypothesis 2: Halal awareness has a positive significant effect on the confidence level of Malaysian for Thailand Halal certified Products.

Devoutness

Literature and empirical findings expressed that devoutness influenced on the confidence level of customers to buy halal food and products (Shaari et al., 2014; Fahmi et al., 2019). In the Islamic religion, the utilization of halal food is very important. Therefore, the availability and accessibility of halal products is very crucial and recognized as one of the main attributes in Islamic society. Muslim society is fully devoted to purchasing halal food and the confidence level of the Muslim customers on the authenticity of halal is very important (Turner 2010).

Hypothesis 3: Devoutness has a positive significant effect on the confidence level of Malaysian for Thailand Halal certified Products.

Marketing

Marketing is considered one of the most important components of success for any products and services offered by an organization. Effective marketing can design the success

of products and services. In the halal industry, marketing is very crucial to express the ingredient of halal products and processes (Fahmi et al. 2019). The halal logo expresses that the product carrying halal values and is useful for health. Marketing can attain the attention of customers in Muslim and Non-Muslim societies to buy the products. Halal logo is one of the most important and significant components of marketing (Bashir 2019). Halal industry required many effective marketing strategies to attract more customers and create brand loyalty.

Hypothesis 4: Halal marketing has a positive significant effect on the confidence level of Malaysian for Thailand Halal certified Products.

RESEARCH DESIGN

This study is cross-sectional and quantitative in nature. Primary data were gathered through a structured survey form. Respondents were selected through the purposive sampling technique which is considered good when the population is unknown. This study was conducted in Alor-Setar Kedah one of the most important Muslim majority states at the north of Malaysia, bordering Thailand. Before analysis, the data were screened and cleaned by using SPSS software. Skewness and Kurtosis were employed to examine the normalcy of the employed data. Results reported that the data existed within the range suggested by (Khalique & Pablos 2015). To measure the constructs six points Likert Scale was employed.

RESULTS

Smart PLS 3.3.0 is mostly used to test the proposed research model and research hypotheses. PLS is considered a robust technique to test the research hypotheses. PLS is based on two models namely, the measurement model and the structural model. Based on the recommendations of the various researchers such as (Hair Jr et al., 2016; Hair et al., 2011; Khalique et al., 2020) PLS was used in this study.

Measurement Model

Measurement Model is used to examine the reliability and validity of the unabsorbed constructs (Hair Jr et al. 2016). In Smart PLS, factor loadings, Cronbach alpha, Average Variance Extracted (AVE), and Composite Reliability (CR) were used to examine the reliability and validity of the employed variables. To establish the reliability and validity of the constructs, suggested criteria by (Chin, 1998; Henseler et al., 2015; Khalique et al., 2020) were employed. Results are reported in Table 1. Items having loading more than 0.60 were involved in the study while poor loading items were discarded.

No	Items	Loadings	Cronbach Alpha	CR	AVE
1	AW1	0.690	0.838	0.877	0.505
2	AW10	0.779			
3	AW11	0.713			
4	AW13	0.691			
5	AW2	0.679			
6	AW4	0.694			
7	AW9	0.725			
8	Dev1	0.658	0.892	0.911	0.506
9	Dev10	0.703			

10	Dev11	0.742			
11	Dev2	0.743			
12	Dev4	0.734			
13	Dev5	0.809			
14	Dev6	0.624			
15	Dev7	0.737			
16	Dev8	0.723			
17	Dev9	0.619			
18	Logo10	0.809	0.926	0.938	0.603
19	Logo11	0.760			
20	Logo12	0.727			
21	Logo13	0.823			
22	Logo14	0.823			
23	Logo15	0.820			
24	Logo6	0.715			
25	Logo7	0.599			
26	Logo8	0.824			
27	MARK1	0.834	0.816	0.868	0.527
28	MARK10	0.798			
29	MARK11	0.605			
30	MARK2	0.612			
31	MARK3	0.799			
32	MARK4	0.805			
33	Conf1	0.764	0.876	0.910	0.670
34	Conf2	0.866			
35	Conf3	0.844			
36	Conf4	0.857			
37	Conf5	0.755			

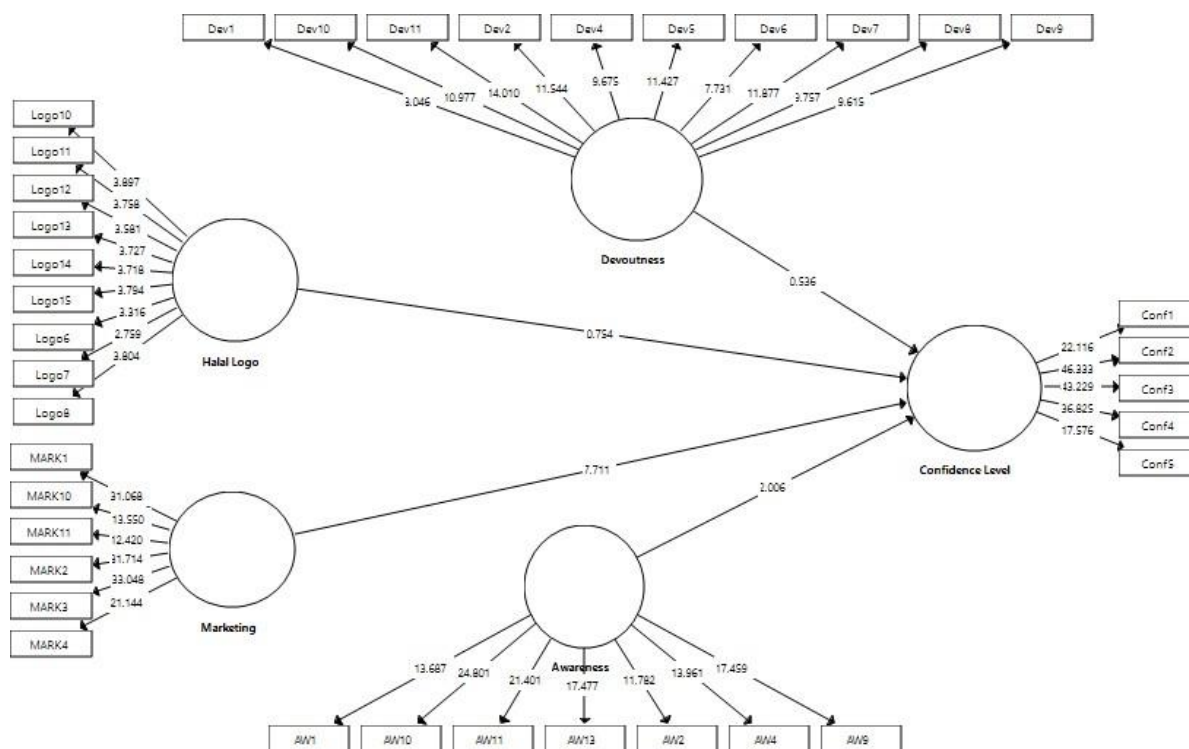
Discriminate Validity

The establishment of the discriminant validity is another important part of the validation of the measurement scale. To examine the discriminant validity of the employed constructs of this study, Fornell and Locker method was employed. Results reported that the employed constructs met the suggestion threshold by Fornell and Larcker 1981. Results in Table 2 expressed that the discriminant validity of the constructs was established as per the criteria suggested by Fornell and Larcker 1981.

	Awareness	Confidence Level	Devoutness	Halal Logo	Marketing
Awareness	0.711				
Confidence Level	0.368	0.819			
Devoutness	0.635	0.232	0.711		
Halal Logo	0.107	0.075	0.066	0.777	
Marketing	0.604	0.491	0.420	0.068	0.726

Structural Model

In Smart PLS, the structural model is used to test the proposed research hypotheses. Bootstrapping with 5000 sub-samples was run to test the proposed research hypotheses (Hair et al., 2011, Götz et al., 2010; Shaari et al., 2013; Khalique et al., 2020). Results reported that two research hypotheses namely Marketing and Awareness appeared as significant contributors while halal logo and devoutness has appeared as insignificant contributors. Results are reported in Figure 1 and Table 4.



**FIGURE 1
STRUCTURAL MODEL**

No.	Hypotheses	Beta	T values	Sig.	R ²	Supported
1	Halal logo → Confidence Level	0.035	0.754	0.45	0.250	Not
2	Awareness → Confidence Level	0.125	0.535	0.04		Yes
3	Devoutness → Confidence Level	0.280	2.006	0.59		Not
4	Marketing → Confidence Level	0.424	7.711	0.00		Yes

DISCUSSION AND CONCLUSION

The main objective of this study was to examine the different factors of halal logo and the confidence level of Malaysian customers for Thailand halal products. To achieve the objective of this study a total of 500 individuals from the northern part of Malaysia were involved. Malaysia is a leading country in the halal industry. JAKIM is an authorized body from the government of Malaysia which is responsible to issue halal certification and also monitor all activities in-country. In Malaysia, the Muslim community firmly believed that JAKIM is a competent body and it never compromised on the genuineness of the halal certification and screening the international halal certification.

This study, was operationalized in Alor Setar the capital city of the State of Kedah near to Thailand border to examine the confidence level of customers on Thailand Halal logo and other influencing factors. The empirical findings reported that the halal logo and devoutness appeared as insignificant contributors. However, awareness and marketing were significant contributors. In Malaysia, JAKIM has found many fake international halal logos including from Thailand (Koe 2018). These results may suggest that bordering Thailand, with neighboring societies share similar lifestyles, Malaysian Muslims’ confidence in the North are influenced more by their awareness and Halal marketing elements for halal products from Thailand.

LIMITATIONS AND FUTURE STUDIES

This study also has some limitations like other studies. This study is cross-sectional in nature and quantitative-based. Due to these limitations, the empirical findings of this study may not apply to other fields. Therefore, this study suggests some improvements to potential researchers to conduct this type of study in the other states of Malaysia. Future studies can also make a comparison of Malaysian halal industry to other neighboring countries to understand the confidence level of customers on the halal logo.

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