



ASSESSING THE INFLUENCE OF DEMOGRAPHIC
BACKGROUND AND AWARENESS LEVEL OF *HALAL*
CONSUMPTION AMONG MUSLIM CONSUMERS IN
KUALA TERENGGANU

BY

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ABSTRACT

The *halal* industry in Malaysia is set to become the new world leader. The continuous demand for *halal* products and services among consumers locally and globally have attracted marketers to strategize their marketing plan to break through the *halal* market. Realizing the great demand of *halal* products nowadays, efforts have been made by the government to turn Malaysia into a regional hub for *halal* products. Although the awareness among marketers with regards to *halal* certification have increased, the Muslim consumers, are still found to be lacking in terms of understanding the deeper concept of *halal*, especially in relation to *halal* certification. Malaysia, being a Muslim majority population country does not guarantee the awareness among consumers regarding *halal* products and certification. Living in a society of Muslim majority may give consumers the confidence to consume products made by the same society as *halal* legit. There are several cases of food poisoning in the state of Terengganu where the food products bought were contaminated. In an extreme case, in 2017, the issue of food poisoning has led to the death of a doctor was highlighted by media to public attention. Even though it was an isolated case, it shows the lack of concern and sensitivity among consumers to the actual concept of *halalan tayyiban* in day-to-day consumption. Therefore, this study is conducted in order to identify the level of *halal* awareness among Muslim consumers in Kuala Terengganu. This study focuses on the demographics influence towards consumers' perception and knowledge pertaining to *halal* products and certification among Muslims in Kuala Terengganu. For this purpose, several analyses were performed such as the one-way ANOVA and Mann Whitney U test in order to find the difference in the variables. In addition to that, a regression analysis was conducted to identify the factors contributing to consumers' awareness. This particular study had successfully gathered 301 Muslim consumers in Kuala Terengganu as respondents through convenient sampling. From the analysis, it is deduced that consumers' perception and knowledge do contribute to consumers' awareness on *halal* consumption. Furthermore, it is also found that several demographic elements do influence consumers' perception and knowledge regarding *halal* products and certification. Specifically, the study found that there are significant differences between the demographic elements (age, level of education, occupation and level of income as the p values equal to .016, .000, .012, & .036 respectively) and consumers' perception. However, in terms of consumers' knowledge, the study found that there are two demographic elements that show significant difference; namely, gender and level of education, as the p values equal to .046 and .014 for each element which are less than the alpha value .05. Finally, the study found that the level of *halal* awareness among Muslim consumers in Kuala Terengganu pertaining to *halal* products and certification are at a high level.

خلاصة البحث

تعد صناعة الحلال الماليزية في هذه الأيام من المواضيع المهمة. وذلك لأن كثرة الطلب لمنتجات وخدمات الحلال لدى المستعملين داخل البلاد وخارجها مما تؤدي إلى محاولات التجار إلى الاستراتيجيات التجارية العديدة من أجل التوافق مع صناعة الحلال. وانطلاقاً من هذا الطلب العظيم لهذا النوع من التجارة، قامت الحكومة الماليزية بمحاولات كثيرة لتجعل هذه البلاد مصدراً لتجارة الحلال. وانطلاقاً من الوعي عن أهمية الشهادة الرسمية لمنتجات الحلال الذي يرتفع لدى التجار، صدرت حالات أخرى مرتبطة بعدم وجود الفهم العميق عن ماهية صناعة الحلال ذاتها عند كثير من المستعملين المسلمين ولا سيما عما ترتبط بشهادة الحلال الرسمية. وإضافة إلى ذلك، فإن أغلبية نسبة المسلمين في ماليزيا لم تشر إلى وجود الوعي الحقيقي عن أمور متعلقة بمنتجات الحلال وأهمية الشهادة. وذلك لأن كثرة المستعملين يشعرون بسلامة تامة لاستخدام المنتجات الصادرة من البلاد التي يسكن فيها المجتمع المسلم. وهناك عدة حالات تسمم غذائي وقعت في ولاية ترنجانو، وهي دائماً بسبب الأغذية المشتراة الملوثة. وفي الحالة المتطرفة، لقد نشرت عدة من قنوات الأعلام المحلية عن مقتل طبيب في هذه الولاية بسبب تسمم غذائي في عام 2017. وعلى الرغم من أنها حالة معزولة، لا شك أن هذه الحالة تشير إلى عدم اهتمام وحساسية مفهوم الحلال الذي في حد ذاته. وعلى هذا الأساس، تحاول هذه الرسالة البحث عن مستوى الوعي لدى المستعملين في كوالا ترنجانو. وقد تركز على التأثير ديموغرافياً على تصور المستعملين ومعرفة عن منتجات الحلال والشهادة الرسمية لدى المسلمين في كوالا ترنجانو. وللوصول إلى هذا، تقوم الدراسة بتحليل النتائج من خلال برنامج ANOVA وقاعدة الفحص Mann Whitney U للبحث عن الاختلاف في التغيرات الدراسية، مع تحليل الحركة التراجعية للكشف عن العوامل التي تساهم إلى وعي المستعملين. وقد أجمعت الدراسة 301 مستعملين مسلمين في كوالا ترنجانو كالمستجيبين. والتي تشير إلى أن تصورهم ومعرفة عن منتجات الحلال. كما تؤثر بعض العناصر الديموغرافية على تصور المستعملين ومعرفة عن منتجات الحلال وشهادتها. وعلى وجه الخصوص، قد وجدت الرسالة أن هناك اختلاف واضح في عناصر ديموغرافية (العمر، مستوى الدراسة، المهنة، الراتب حيث بلغت قيمة p في 0.016، 0.000، 0.012، و 0.036. على التوالي) مع تصور المستعملين عن الموضوع. وذلك ما يتعلق بمعرفة المستعملين، إذ هناك عنصرين يشيران إلى وجود اختلاف واضح وهما نوع الجنس ومستوى الراتب حيث بلغت قيمة p في 0.014 و 0.046. لكل عنصر، وهي أقل من قيمة α 0.05. وفي الختام، وصلت الدراسة إلى أن الوعي عن منتجات الحلال والشهادة لدى المستعملين المسلمين في كوالا ترنجانو في مستوى عال.

APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion, it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a thesis for the degree of Master in *Halal* Industry Management

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DECLARATION

I hereby declare that this thesis is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

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CHAPTER ONE

INTRODUCTION

1.1 RESEARCH BACKGROUND

Halal is not a new concept since consuming *halal* is an order from Allah S.W.T and is regarded as an indispensable part of the Islamic faith. Allah S.W.T has repeatedly emphasized the consumption of *halal* and leave the *haram* in the Holy Quran. Allah S.W.T has ordered Muslims to consume only *halal* and if it is doubtful (*Syubhah*) it is better to avoid than to consume. As a matter of fact, in Islam the sphere of *haram* things is very small compared to *halal* which is tremendously vast. Going through the Quran, it is evident that there are only a small number of sound and explicit verses concerning prohibitions while those are not in it, is considered permissible.

The term '*halal*' is an Arabic word meaning 'permissible' or 'lawful'. According to Kamali (2003), *halal* is a term that indicates anything as permissible in accordance to the *Shariah* or Islamic prescription. The concept of *halal* has become vast as it is no longer considered merely as a religious issue and the concept has been extended to lifestyle, business and marketing, as well as a symbol of quality assurance (Lada, Tanakinjal & Amin, 2009; Gumbri & Norlida, 2015). *Halal* food which has been defined by Al-Nahdi and Islam (2011) and Abdul *et al.* (2009) is a universal term that applies to all facets, involving the ingredients, handling, methods used from the beginning to the end that meet the Islamic guidelines.

It is a well-known fact that the growth of the Muslim population in the world is increasing over time. Remarkably, according to Pew Research Centre, Islam has been

recognized as the only religion growing faster than the growth of the world population and Islam is projected to be the fastest growing major religious group (Lipka, 2017). The demand of *halal* products is in tandem with the growing Muslim population. Consequently, this phenomenon has contributed positively to the growing market of the global *halal* industry. In the marketing world today, the demand for *halal* certified products is immensely high and continuous. The global *halal* certified product industry is estimated to be approximately \$ 640 billion in 2010 (Business Monitor International) and still expanding progressively by this year (Bahli, 2011).

In Malaysia, the *halal* industry is becoming a new source of economic growth (Nornadia *et al.*, 2016). *Halal* certified products are not only related to food but have extended to cosmetics and personal care products, clothing, pharmaceuticals, healthcare, finances, tourism and other services. *Halal* certified products is currently attracting many marketers and set to be the most lucrative business nowadays. This is due to the increase of *halal* product consumption among consumers in the country. Muslims constitute 60.4 percent of the population. In addition to that, *halal* products nowadays are not only for Muslim consumption as non-Muslims have also grown more attentive towards *halal* products nowadays for its safety, quality and wholesomeness (Abdul Aziz *et al.*, 2013). Al-Harran and Low (2008) asserted the importance of understanding Malaysian consumer behaviour for a better way of marketing *halal* products.

Being a Muslim country recognised as the Global *Halal* Hub, Malaysia houses the significant *halal* authority bodies namely Department of Islamic Development of Malaysia (JAKIM) which is the most reliable body, locally and globally. JAKIM's *halal* certification has been recognised worldwide, by Muslim and non-Muslim countries.

JAKIM has been playing crucial roles in order to fulfil the needs of Muslim consumers in Malaysia and come out with the initiatives of *halal* certification and standards for food and non-food products also known as fast consumption goods for Muslim consumption. This is because Muslims are obliged to consume *halal* and avoid *haram*.

Malaysia's *halal* certification is highly recognised and recommended worldwide as the JAKIM's *halal* logo has become the most recognised logo indicating that the products are *Shariah* compliant and Muslim consumers friendly (Nik Maheran *et al.*, 2009). The *halal* certification and logo indicate that the products are not only *halal* but *Shariah* compliant (Shahidan & Md Nor, 2006; Gumbri & Norlida, 2015) and hygienic (Lokman, 2008). Housing the most significant *halal* certification bodies in the country may not reflect that consumers in the country are well aware of the matter. This is in line with Soesilowati (2010) that being a Muslim majority community may not reflect their lifestyle is in accordance with Islamic prescription. Due to the outstanding growth of Malaysian *halal* industry, it is of high importance to tackle the issue of Muslim consumers' perception and knowledge pertaining to *halal* products and certification in the aim of gaining consumers satisfying their personal needs.

Abdul Aziz *et al.* (2013) in their studies have emphasized on the importance of understanding consumers' perception towards *halal* food in order to identify their level of *halal* awareness. A study conducted by Siti Mashitoh *et al.* (2013) found that consumers' *halal* awareness has a positive relationship with consumers' perception towards *halal* certification. Thus, a study related to consumers' perception and knowledge pertaining to *halal* product and certification in order to identify their level of awareness is carried out that will lead to the creation of *halal* sensitive consumers nation.

Parallel to the expansion of the Muslim population globally as well as locally, the demands of *Halal* products have been immensely huge. The *halal* products sector is becoming the most lucrative business to both Muslims and non-Muslims. As a matter of fact, not only Muslim consumers prefer *halal* products but non-Muslim consumers also favour them due to its safety, healthy, hygiene and wholesome (Hornby *et al.*, 2009; Ireland *et al.*, 2011). Though the *halal* industry in Malaysia is known to be a powerful market force, stakeholders' awareness in relation to *halal* products and certification still needs to be studied considering that these matters are dependent on various factors. In this study, an attempt is made to determine the factors that influence consumers' awareness among Muslims in Kuala Terengganu.

The awareness of consuming *halal* products is very important to Muslim consumers in Malaysia because a considerable number of products marketed in this country are manufactured by non-Muslim producers, imported from foreign countries, produced by various ethnic groups locally and globally (Nur Ardiyanti *et al.*, 2013). In addition to that, Muslim manufacturers in Malaysia are still lacking in terms of *halal* knowledge and awareness as quite a number of them have never applied for *halal* certification for their products (Tieman *et al.*, 2014; Ezanee *et al.*, 2016). This matter will definitely effect the Muslim consumers' awareness of *halal* products and will consequently reduce the number of *halal* certified products from them.

Hence, it is a commendable effort to identify the factors that influence a society's perception and knowledge in order to increase the awareness level among Muslim consumers in Malaysia. Considering that there is a lack of empirically tested knowledge about consumers' perception, knowledge and awareness about *halal* products and certification among Muslims in Kuala Terengganu, this study has

proposed Muslim consumers in Kuala Terengganu as the target sample for this research. Consumers' perception and knowledge pertaining to *halal* products and certification are further discussed in this study.

It is of paramount effort to explore on why and how consumers perceive *halal* products for their daily consumption whilst creating a bigger avenue for *halal* products manufacturers to market their products effectively. This study examines the relationship of consumers' demographic background as well as consumers' perception and knowledge among the Muslim community in Kuala Terengganu. The Muslim community constitutes more than 90% of the Kuala Terengganu population (Kuala Terengganu City Council, 2010). However, being a Muslim majority community does not guarantee that an individual's behaviour conforms to the religious prescription including *halal* consumption (Soesilowati, 2010). Hence, the study of consumers' perception and knowledge as well as *halal* awareness among Muslims in Kuala Terengganu needs to be further scrutinized.

1.2 RESEARCH PROBLEM

Several studies have been conducted to measure the level of *halal* awareness among consumers of different background (Golnaz *et al.*, 2010; Salman & Siddiqui, 2011; Rahim *et al.*, 2013; Nor Ardyanti *et al.*, 2013; Siti Mashitoh *et al.*, 2013; Ambali *et al.*, 2014; Said *et al.*, 2014; Yusoff *et al.*, 2014; Erdem *et al.*, 2015; Ezanee *et al.*, 2016; Ezanee *et al.*, 2016; Aslan, 2016; Yusoff *et al.*, 2017). However, there is a paucity of studies pertaining to the level of *halal* awareness and the factors influencing *halal* awareness amongst Muslim consumers in Kuala Terengganu.

The awareness on halal is a must for any individual either a consumer or an entrepreneur. According to *Utusan Malaysia* (2017), most of the entrepreneurs in the state of Terengganu still do not pay an adequate attention to the needs of halal certification for their products and services. The Chief Executive Officer (CEO) of Majlis Agama Islam & Adat Melayu Terengganu (MAIDAM) has claimed that, out of all the districts in Terengganu, only one kopitiam, owned by a non-Muslim Chinese operator in Kemaman which has applied for *halal* certification while many others do not (Sinar Harian, 2013). This indicates that there are still many Muslim manufacturers in Terengganu who do not follow the *halal* guidebook and never applied for *halal* certification from JAKIM. A study suggested by Talib *et al.* (2014), the consumers' awareness pertaining to the *halal* concept is closely related to entrepreneurs. As a matter of fact, this shows that the awareness level on *halal* certification among Muslim entrepreneurs in Terengganu are incompetent and this matter concomitantly mirrors the consumers' awareness which are the target market for the entrepreneurs. Hence, the *halal* awareness in Terengganu is subjected to a greater scrutiny by scholars.

In addition to that, the communities in Terengganu are facing lots of food poisoning controversies. This portrays that they are still lacking in terms of understanding the real concept of *halal* which is inseparable with the term '*tayyiban*'. Latest case was reported in November 2017, a death of a medical doctor in Kuala Terengganu due to food poisoning and it is believed that the last food consumed by the deceased was contaminated (*Utusan Malaysia*, 2017). The issue of contaminated food is closely related to the concept of *halalan tayyiban*. It is important to note that consuming contaminated products may expose consumers to the risk of food poisoning (Ramli *et al.*, 2017). By defying the hygienic rules during the whole process of

production to the consumption of products might be harmful for one's health (Sahingoz *et al.*, 2009) which also considered as contradicting to the concept of *halalan tayyiban*. In the realm of *halal* certification and *halal* consumption, the concept of *halalan tayyiban* has been adopted in *halal* food standard procedure which ensures safety, high quality, hygienic preparation procedures, and wholesomeness of the product in order to firm up consumers' *halal* consumption (Khalek *et al.*, 2016). In this respect, this research attempts to find out the factors affecting consumers' awareness pertaining to *halal* products and certification among Muslim community in Kuala Terengganu.

Existing literatures provide a number of factors that influence the Malaysian consumers' consumption of *halal* certified products. However, only a limited number of literatures that focus on Muslim consumers in Terengganu. Several studies have emphasized that for a society to be aware, they must be knowledgeable about it as well as having an understanding about the concept (Wahab, 2004; Talib *et al.*, 2014). Therefore, in order to have a better insight of the Kuala Terengganu Muslim consumers' point of view about *halal* products and certification, which may assist the authorities in improving the effectiveness of the *halal* certification system, there is a need to conduct a study on how this particular society perceive and understand the *halal* concept and *halal* certification of products.

As Malaysia is trying to play a bigger role in the *halal* industry, more research is needed to identify and address issues on various aspects of *halal* consumption. Individual consumption is subjected to various factors, including social, cultural, economic, legal and political situation, which signifies the difference between consumers' consumption and region (Syed *et al.*, 2011). This justifies an empirical investigation of the Kuala Terengganu Muslim consumers' *halal* awareness, their

perception and knowledge pertaining to *halal* products and certification to identify the factors that contribute to *halal* awareness and the demographic background that influence their perception and knowledge.

1.3 PURPOSE OF THE RESEARCH

This research sought to identify the level of *halal* awareness among Muslim consumers in Kuala Terengganu. The research focused on demographic background aspect of Muslim consumers and their perception and knowledge pertaining to *halal* products and certification. The elements of demographic background are composed of age, gender, residency, level of education, occupation and level of income. Each element is proven to influence differently to different groups of the population. This is because different groups of the population receive different exposure and interpretation regarding *halalan tayyiban* issues and concept. Measuring the knowledge and perception of the *halalan tayyiban* concept is a method used to identify the exposure received by the Muslim consumers in Kuala Terengganu. In this research, the term knowledge, and perception are used to describe the *halal* awareness. The more knowledge and perception a consumer has, the higher the consumption of *halal* products together with the level of *halal* awareness.

1.4 RESEARCH QUESTIONS

The objectives of this study are:

1. What are the factors contributing to the lack of *halal* awareness among Muslim consumers in Kuala Terengganu?

2. Are there significant relationships between demographic background with perception and knowledge regarding *halal* among Muslim consumers in Kuala Terengganu?
3. What are the levels of *halal* awareness among Muslim consumers in Kuala Terengganu?

1.5 RESEARCH OBJECTIVES

The research aims to achieve the following objectives:

1. To identify the factors contributing to *halal* awareness among Muslim consumers in Kuala Terengganu.
2. To analyse the relationships between demographic background with perception and knowledge regarding *halal* among Muslim consumers in Kuala Terengganu.
3. To determine the levels of *halal* awareness among Muslim consumers in Kuala Terengganu.

1.6 RESEARCH HYPOTHESIS

Four research hypotheses were therefore developed to test the research framework;

H1: There is a significant relationship between consumers' perception and knowledge regarding *halal* products and certification towards *halal* awareness.

H2: There is a significant relationship between demographics and perception regarding *halal* products and certification among Muslim consumers in Kuala Terengganu.

H3: There is a significant relationship between demographics and knowledge regarding *halal* products and certification among Muslim consumers in Kuala Terengganu.

H4: There is a significant difference between the three levels of *halal* awareness (basic, intermediate and advanced) among Muslim consumers in Kuala Terengganu.