

# Factors that Contribute to Awareness of Halal Logistics among Muslims in the Klang Valley

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## ABSTRACT

The demand for Halal products is increasing tremendously not only from Muslim countries but also non-Muslim countries. The component of Halal industry can be classified into three areas, namely services, food and non-food. Halal logistics is categorized into the service component. Halal logistics covers warehousing, transportation and terminal operations. There are three principles of Halal logistics; avoiding direct contact with haram, addressing the risk of contamination, and perception of the Muslim consumer. For non-Muslim countries, the first two principles apply. Malaysia is regarded as a Muslim majority country; therefore, there is a need to explore the level of awareness on Halal logistics. This research paper aims to explore the level of awareness of the Muslim in the Klang Valley, Selangor. Data were collected through convenient sampling from 250 respondents and analyzed by using SPSS. The findings indicate that religious belief is a significant predictor of Halal logistics awareness among Muslims.

**Key Words:** Halal logistics, Muslim, religious belief, supply chain

## 1. INTRODUCTION

Halal logistics could be referred to the application of the Halal toyyiban principles

along the supply chain activities, which means that all the activities ranging from the source of supply, storage, transportation, manufacturing, handling, and distributing should adhere to the concept of Halalan toyyiban as underlined by Islamic law. This means that the Halal products should not be mixed with the non-Halal products throughout the logistics activity to ensure that the Halal status of a product could be maintained. Moreover, Halalan toyyiban supply chain is the concept of applying syariah principles in the supply chain management. The concept of Halalan toyyiban along the supply chain will begin from the sourcing aspect to the point of consumption. In the Halalan toyyiban supply chain activities, all aspect of Halal and toyyib must be deliberated (everything must be Halal and toyyib) in order to ensure final consumers will be getting Halalan toyyiban products. Indeed, Halal logistics is part of supply chain in order to ensure the whole concept to be realized, Halalan toyyiban supply chain supply chain would be the most feasible term compare to Halal logistics. In applying the Halal logistics or Halalan toyyiban supply chain concept become realize various issues and challenges will be facing by the industry players, consumers and the government.

The increasing awareness of Muslim consumers about their religious obligations has created greater demand for Halal logistic products. As Muslim consumers become more knowledgeable and aware of dietary laws and concerns about their religion, they

pay more attention to the type of products and services that they consume or utilize (Salleh&Ramli, 2012). Muslim consumers also understand that the importance of using Halal products is vital for their daily activities and for their afterlife. Fortunately, several logistic companies understand that they also have to play their part in maintaining the Halal integrity of the Halal products, hence they are trying to meet the demand in this industry by getting certified by JAKIM or other authorized bodies to be the Halal transportation service providers.

In order for Malaysia to become a renowned International Halal Hub, Halal certification for logistics services should be designed and developed. One of the major components of these Halal logistics services is the operation of various type of road transportation for example trucks, lorries, and van. For Halal goods delivered using any transportation modes, there are risks of these Halal goods can turn into non-Halal during the transportation process. It is extremely important that Halal products are segregated from non-Halal products. This is to avoid cross contamination and to make sure that operations are consistent with the expectations of the consumer and other stakeholders. Cross contamination is a general term to describe the state of being contaminated in terms of Syariah perspective, either by contaminant or precursor which affects the Halal status. Contaminant can be described as any non-Halal or detrimental (mudhorat) substances that are intentionally or unintentionally added which render the Halal product as non-Halal. Therefore, Halal has in particular implications for storage, transportation and handling of Halal products. Hence, this study aims to discover the level of awareness towards Halal logistics among Muslim on religious belief, exposure and Halal certificate.

Through Halal logistics the transporter are aware on the Halal process delivery which to ensure the Halal product that is Halal must also go along the Halal logistics and in ensuring the Halal logistics, the Halal integrity among the channel members must be applied. This will include proper segregation and proper logistics system of the products throughout the logistics process.

Until now, there are a few studies has been conducted on Halal logistics and supply

chain. It is very surprising that insufficient study was bring about in this area since logistics play a very important role in the movement of the goods that will be consumed by Muslim consumer around Malaysia. Therefore, a study is needed to explore and investigate the level of awareness towards Halal logistics among Muslim. This study can act as a foundation in designing to measure the level of awareness among Muslim on Halal logistics.

## **2. LITERATURE REVIEW**

The word "Halal" means permissible or lawful by Islamic laws. While according to Randolph (2003), the word "awareness" means the knowledge or understanding of particular subject or situation. The word "awareness" in the context of Halal literally means having special interest in or experience of something and/or being well informed of what is happening at the present time on Halal foods, drinks and products. As such, awareness describes human perception and cognitive reaction to a condition of what they eat, drink and use. Subjectively speaking, awareness is a relative concept where a person may be partially aware, subconsciously aware or may be acute aware of an issues relating to Halal aspect of what is permitted by Allah. It may be focused on an internal state, such as a visceral feeling or on external events or issues by way of sensory perception. Awareness provides the raw material to develop subjective ideas about one's experience related to something (Nizam, 2006). Awareness about something is therefore a basic part of human existence. On top of everything is the self-awareness. Awareness means one exists as an individual with private thoughts about the state of something. Therefore, different people have different level of awareness about something. In other words, awareness is the processes of informing the general population or increasing levels of consciousness about risks related to anything that could endanger human life and how people can act to reduce their exposure to it. So, awareness in the context of Halal logistics can be conceptualized as the informing process to

increasing the levels of consciousness toward what is permitted for Muslims to eat, drink and services.

Halal logistics include the physical activities of storing and transporting, which provide a set of data for communication and management between successive links (up and down) along the food supply chain (Kamaruddin, Ibrahım, & Shabudin, 2012) and apply the shariah concept along the chain. On the other hand, the basic principal of Halal logistics is to ensure the segregation of Halal cargo from non-Halal cargo. This is to avoid cross-contamination and ensure that the logistics system is aligned to the expectations of Muslim consumers and the Halal integrity is thus protected along the whole supply chain (Ministry of Industrial and Trade, 2006). Hence, the most feasible terminology for Halal logistics is the application of shariah law to the logistics process.

## **2.1 Religious Belief**

Religion is a system of beliefs and practices by which a group of people interprets and responds to what they feel is supernatural and sacred (Johnstone, 1975). Most religions prescribe or prohibit certain behavior including consumption behavior. Indeed, in Islam it is clearly stated that Halal foods, drinks and products are permissible but non-Halal is forbidden for human consumptions. Schiffman and Kanuk (1997) assert that members of different religious groups' purchasing decisions are influenced by their religious identity, orientation, knowledge and belief. Therefore, it shows that religion and belief are sources of awareness towards consumption behavior. Religious knowledge or belief is one of the main determinant factors of food avoidance, taboos, and special regulation in particular with respect to meat (Simons, 1994). Religious knowledge or belief is the best guideline to determine the food consumption because several religions impose some food restrictions e.g. prohibition of pork and not ritually slaughtered meat in Judaism and Islam, and pork and beef in Hinduism and Buddhism, except for Christianity which has no food taboos. Although the dietary laws

imposed by some religions may be rather strict, the amount of people following them is usually quite substantial. For example, Hussaini (1993) pointed that 75% of Muslims migrants in the US follow their religious dietary laws. It shows that, wherever or place Muslims choose to live, they are still aware of Halal due to their religious knowledge and belief. To substantiate this understanding, one would see that the concept of human awareness has been highlighted in the Quran and Sunnah to guide Muslims to lawful things in life. What is Halal and haram are declared through Quranic injunctions, and the believers are obliged to accept it as such (Hussaini, 1993).

In Islam awareness has been given clear and proper consideration with respect to lawful and the unlawful things as Hadith says:

*"The Halal is that which Allah has made lawful in His book and the Haram is that which He has forbidden, and that concerning which He is silent, He has permitted as a favour to you", (see: Ibn Majah, No 3367).*

From this Hadith it can be concluded that human can be aware about what is lawful or unlawful for consumption when he or she refers to Al-Quran and Hadith because both of these resources had given clear guidance relevant to what is consumable for Muslims. However, the challenge arose in manufactured products that contained hidden information. Muslim policy makers and certification bodies in many Islamic countries such as Malaysia have addressed the solution to this through labeling or certification as other sources of awareness about Halal products.

## **2.2 Exposure**

Patnoid (2001) assert that one of the best ways of making people aware of types of what they eat in the context of safety and hygienic condition which is the main aim of Halal is through educational exposure. Educating them would make them expose and make the right choice of what they consume daily. Thus, major responsibility of

government or agency in charge of Halal lies in delivering food safety education and resources to a variety of target audiences. Food safety education efforts must be directed toward consumers, school-aged children, and food industry employees. In Malaysia and other Muslim countries consumers can be exposed to the Halal to increase the level of their awareness via education and learning. There are various medium by which the government can make people aware of Halal in this modern age of technology advancement. People can be educated through daily newspaper, television, radio, internet or any other channel of communication. All these can play an important role in providing the information about Halal alert and exposure. Therefore, teaching exposure can serve as a source of awareness on Halal related to what the Muslims consume.

### **2.3 Halal Certification (Logo/Label)**

In a Muslim majority nation such as Malaysia, the concept of Halal is an absolute key to consumption. Muslim consumers nowadays are faced with a broad selection of products and services, which somehow doubtful. Manufacturers and marketers have been indirectly forced to use Halal certification and logo as a way to inform and to reassure their target consumers that their products are Halal and Shariah-compliant. In general, the Muslim consumers in Malaysia look for the authentic Halal certification issued by the Malaysia's Department of Islamic Development (JAKIM), which is under the purview of the Ministry in the Prime Minister's Department. The introduction of Halal logo and certification by (JAKIM) has generated more awareness among the Muslims on the importance of consuming manufactured products or engaging in services that follow Islamic guidelines and principles. In Malaysia, Muslims consume the foods, drinks and manufactured products by looking at Halal logo that authorized by the government agency. Halal logo itself is considered an important source or factor because the foods or drinks can be trusted in terms of Halal, safety and hygiene. Therefore, Halal logo is a signal for which

food outlets are permissible to be patronage by the Muslims in the country. Labeling is also important as a source of awareness about safe and hygienic foods and drinks related diet and health. For example, fruits, vegetables and starchy staples, must have full nutrition labeling, and marketing practices conducive to have healthy food choices.

The following Figure 1 depicts the research framework for this study.

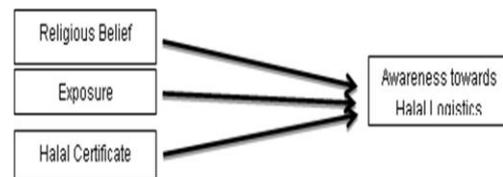


Figure 1 Research Framework

## **3. RESEARCH METHODOLOGY**

This is a correlational study which answers questions about the relationship among variables (Salkind, 2012; Sekaran & Bougie, 2013). The study is meant to investigate factors that contribute to awareness of Halal Logistics among Muslims in the Klang Valley. Questionnaires adapted from prior studies were distributed to approximately 250 Muslim in Klang Valley. Since there were lacks of literature in the Halal supply chain, most of the instruments were adapted from other fields of study and were modified to fit with the current study.

## **4. FINDINGS AND DISCUSSION**

### **4.1 Demographic profile of the respondents**

Overall a total of 250 questionnaires were distributed to muslim in klang valley area and 250 usable questionnaires were returned, yielding a response rate of 100%. According to table 4.1 above, it shows the frequency and percentage of the respondent's gender. 129 respondents of the study were male (51.6%) and 121 respondents were female (48.4%). Out of this group of respondents, the majority of them were aged between 20 – 25 years old (60%). Obviously, 50.8% are degree holders

and 60% of the respondents were students. The remaining 28.8%, 10%, 0.8% and 0.4% of the respondents worked in private sector, governmental sector and self-employed respectively. The majority monthly income of the respondents were below RM2,000

(67.6%). Obviously, the respondents aware about the Halal logistics (69.6%) and logistics activities based on Shariah compliance was the main understanding of Halal logistics (45.6%). The demographic profile of respondents' is presented in Table 4.1.

**Table 4.1 Demographic profile of the respondents**

Demographic Information		Frequency	%
Gender	Male	129	51.6
	Female	121	48.4
Age	Below 20 years	32	12.8
	20-25 years	150	60.0
	26-30 years	38	15.2
	31-35 years	12	4.8
	36- 40 years	3	1.2
	41-45 years	8	3.2
	46-50 years	3	1.2
	51 years and above	4	1.6
Education background	SPM	21	8.4
	Diploma	86	34.4
	Degree	127	50.8
	Master	13	5.2
	PHD	3	1.2
Occupation	Government Sector	25	10.0
	Private Sector	72	28.8
	Full time own business	1	0.4
	Part time own business	2	0.8
	Student	150	60.0
Income (RM)	< 2000	169	67.6
	2001-4000	56	22.4
	4001- 6000	14	5.6
	6001-8000	6	2.4
	8001- 10000	2	0.8
	>10000	3	1.2
Have you ever heard of Halal Logistics?	Yes	174	69.6
	No	76	30.4
What do you know about Halal Logistics?	No idea	22	8.8
	Halal Warehouse	7	2.8
	Halal Transportation	24	9.6
	Something related to Islamic belief	83	33.2
	Logistics activities based on Shariah compliance	114	45.6

## 4.2 Correlation Analysis

All independent variables (Religious belief, Halal certificate and Exposure) are correlated significantly awareness towards Halal logistics. The correlation is significant at the 0.01 level (2-tailed). The criterion used for the level of significance was set a priori. The relationship must be at least significant at  $p \leq 0.01$ . Table 4.2 shows that there is significant correlation between awareness towards Halal logistics and *religious belief*, ( $r=0.297$ ,

$p < 0.05$ ). Therefore, there is a strong positive significant correlation between religious belief and awareness towards Halal logistics. There is significant correlation between awareness towards Halal logistics and Halal certificate, ( $r=0.146$ ,  $p < 0.05$ ). Therefore, there is a weak positive significant correlation between awareness towards Halal logistics and Halal certificate. There is significant correlation between awareness towards Halal logistics and exposure, ( $r=0.204$ ,  $p < 0.05$ ). The correlation analysis is illustrated in Table 4.2 below.

**Table 4.2 Correlational coefficient analysis**

	Religious belief	Halal Certificate	Exposure
Awareness towards Halal logistics	.297**	.146**	.204**
Sig.	.000	.022	.001

\*\*Correlation is significant at the 0.01 level (2- tailed)

### 4.3 Correlation Analysis

The analysis below in Table 4.3 illustrates that Religious belief leads the list as the highest standardized beta coefficient value. Religious belief is the most important factor that contributes to awareness towards Halal logistics with ( $\beta=.270$ ,  $t\text{-value}=3.513$ ),

signifying that respondents are committed with Islam or religious belief. Further investigation on this study divulged Exposure ( $\beta=.087$ ,  $t\text{-value}=1.257$ ) and Halal certificates ( $\beta=-.025$ ,  $t\text{-value}=-.352$ ).are not the contributors to awareness towards Halal logistics.

**Table 4.3 Multiple Regression Analysis**

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig	
	B	Std. Error	Beta		
(Constant)	3.234	.497		6.758	.000
Halal certificate	-.020	.056	-.025	-.352	.725
Exposure	.131	.105	.087	1.257	.210
Religious belief	.257	.073	.270	3.513	.001

a. Dependent Variable: Awareness towards Halal Logistics

## 5 CONCLUSIONS

The aim of this study was to investigate the factors that contribute to awareness of Halal Logistics among Muslims in the Klang Valley. From the research conducted, it is concluded that all variables correlated and significant towards each other with different level of variance and influential percentage between the independent variables and dependent variables. However, in conclusion it can be said that all of the three influencing factors play significant roles in each of the variables within the dependent variables or outcomes of awareness towards Halal logistics.

Overall Religious Belief has the highest correlation and influence on

Awareness towards Halal Logistics followed by Exposure on Awareness towards Halal Logistics. Halal Certificate is the lowest influential towards Awareness on Halal logistics.

This study endeavours to make both theoretical and practical contribution to the literature, and it also provides several implications for future research. Findings from this study will assist policymakers, practitioners, planners and government to change, as needed, in strategies, rules and procedures, and to improve the provision of customer satisfaction in Halal logistics systems.

## 6 LIMITATION AND IMPLICATION

This study still has its limitation since the respondents may not be representing the whole population due to several factors such as economic and geographical matters. Hence, the findings of this study may not reflect the entire Muslim in Malaysia. Though the respondents of this research are only based on the Muslim in Klang Valley area, the researchers still believe that this knowledge could be a motion for further research regarding the awareness of Halal logistics among Muslim in Malaysia.

The research findings have brought impact toward many stakeholders. The finding has given some insight and feedback in term of formulates business strategies in the future to deliver Halal logistic system for Muslims in Malaysia. The logistics players who want to venture into the new area as well as sustaining in the market are recommended to offer Halal logistics services.

## 7. SUGGESTION FOR FUTURE RESEARCH

Three recommendations suggested for further research for the purpose of enhancing the study of the awareness towards Halal logistics. It is proposed to evaluate the impacts of religious belief and exposure on awareness towards Halal logistics among the potential customers who have already strong intention for need of Halal logistics system. Besides, it recommended evaluating the power of Halal logistics on religious belief and exposure based on state. Also, it is suggested to evaluate the comparison on awareness towards Halal logistics based on religious belief and exposure toward generation Y with generation X. Therefore, it is recommended that proper strategies for the Halal logistics need to be developed for use by the Halal product and services.

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