

UNIVERSITI TEKNOLOGI MARA

**THE IMPACT OF HALAL
PRACTICES ON HALAL
ORGANIZATIONAL
SUSTAINABILITY PERFORMANCE:
THE MEDIATING EFFECT OF
COMPETITIVENESS**

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ABSTRACT

Malaysian halal manufacturers play a crucial role in achieving financial performance that generates economic benefits for both companies and the nation as a whole. Nevertheless, little is known about the benefits derived from implementing halal organizational sustainability performance activities among Malaysian halal manufacturers within the Malaysian context. This study was conducted to examine the extent to which halal logistics and halal manufacturing activities are implemented, and to evaluate the contribution of Malaysian halal manufacturers in supporting the implementation and success of halal organizational sustainability performance initiatives. In addition, the study investigates the mediating effect of competitiveness on the relationship between halal logistics, halal manufacturing, and the implementation of halal sustainability organizational performance activities among Malaysian halal manufacturers. In the explanatory phase of this research, a survey was administered to halal-certified manufacturing organisations in Malaysia. A total of 179 usable responses were collected and analysed using SPSS and partial least squares structural equation modelling (PLS-SEM). The findings indicate that halal logistics significantly impact the level of organisational competitiveness but does not affect implementation of halal organizational sustainability sustainable activities. Conversely, halal manufacturing was found to impact competitiveness but did not influence the implementation of halal organizational sustainability performance activities. The study further reveals that competitiveness not plays an influential role in shaping the implementation of sustainable performance activities within halal organisations. based on it identifies that, among Malaysian halal manufacturers, competitiveness weakens the mediating effect on the relationship between halal logistics, halal manufacturing, and the implementation of halal organizational sustainability performance activities. Overall, these findings carry important theoretical, practical, and literature-related implications. They contribute to the existing body of knowledge by providing deeper insights into the implementation of halal organisational sustainability performance activities among Malaysian halal manufacturers. The results underscore the complex interplay between halal logistics, halal manufacturing, and organisational competitiveness, highlighting areas for future research and practical improvement in the halal manufacturing sector.

Keywords: Halal Logistics, Halal Manufacturing, Competitiveness, Halal Organizational Sustainability Performance, Malaysian Halal Manufacturers.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

The concept of halal has evolved from being a fundamental aspect of Muslim life to encompassing broader concerns such as safety, cleanliness, health, and environmental stewardship in halal products and services. According to Azam and Abdullah (2020), Bashir et al. (2019), and Mohamed and Yaacob (2017), these changes have significantly influenced the economic growth and wealth generation within the halal industry. To remain competitive in the halal market, halal manufacturers must confront the challenges and demands presented by the dynamic halal business environment (Husin, Kamarudin, & Rizal, 2021; Budi & Dika, 2017; Mohamed & Hamid, 2015; Baharuddin, Kassim, & Nordin, 2015). However, as highlighted by Husny et al. (2018), Aziz and Zailani (2017), Ali and Suleiman (2016), and Bohari, Cheng, and Nurwahida (2013), this situation raises an important question on how can these halal manufacturers sustain their competitive advantage while operating within the halal market?

In the meantime, the concept of halal has existed since the beginning of human civilization. Historical records indicate that halal principles regarding specific foods and drinks were first observed during the time of Prophet Yaakob (Alaihissalam), regarded as the father of the Israelite civilization through his lineage of the twelve tribes of Israel. During that era, all foods and beverages were generally considered halal, with only a few exceptions personally avoided by Prophet Yaakob (Alaihissalam).

Today, many Jewish communities around the world observe the kosher dietary system, which shares conceptual similarities with halal principles. However, within Islamic Shariah, the comprehensive definitions of halal (permissible) and haram (forbidden) were formally established during the time of Prophet Muhammad (SAW). The Qur'an states: "All food was lawful to the Children of Israel, except what Israel had made unlawful to himself before the Torah was revealed. Say, [O Muhammad], 'So bring the Torah and recite it, if you should be truthful.'" (*Surah Al-Imran, 3:93*)