



**FACTORS THAT MOTIVATE THE INVESTOR IN CHOOSING
MALAYSIA AS AN OPERATION PLACE FOR HALAL
MANUFACTURING**

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ABSTRACT

The growing of Halal Industry is increasing day by day. Not only in Asia region but also worldwide. (The increasing demand for Halal product has made the number of Halal manufacture increase as well despite the difference of production they have made.

However in Malaysia, Halal is not a new thing since the majority of people in this country are Islam so they have knowledge regarding Halal matter. (By developing Halal Park, Malaysia will be able to attract international company that would like to indulge in Halal manufacturing. As a developer, to be able to know what the company want in order for them to operate well is very important. Hence, this research is done to know the factors that motivate the investor in choosing Malaysia as an operation place for Halal manufacturing.) The variables in this research are raw materials, incentives, political stability and the Halal Park. This study is basically used the qualitative research method and personal interview to the investors themselves for the data collection method so that the result would be much more dependable. The results indicate the raw materials, incentives, political stability and the Halal Park are the factors that motivate the investor in choosing Malaysia as an operation place for Halal manufacturing.

Keywords: *Raw Materials, Investors, Political Stability, Halal Park, Halal Manufacturing*

CHAPTER 1

1.0 Research Overview

1.1 Introduction

Halal has been one of the important thing that Malaysian are concern of since the majority of the people here are Muslim. In essence, halal and thoyyib are complementary to each other. Muslim consumers are cautious in their buying behaviour to ensure that the products they purchase are both Halal (lawful) and toyyib(good) according to their religion (Wilson and Liu, 2011). The Halal concept is a part of a belief system and moral code of conduct of Muslim consumers that touches every single facet of Islamic life (Baker, 2011). Halal comes from a derived Arabic word that comes from the root word *حلا*, *ليح*, *حل*, (halla, yahillu, hillan), which means to set free, to let go, to dissolve and to allow or to exit from something that is illegal (haram) (IbnManzur, 1999) or out of the unlawful. From the aspect of term, halal is defined as something that is allowed by Islamic law (Buang and Mahmud, 2012).

The growing of Halal industry is increasing worldwide. According to a Thomson Reuters report, State of the Global Islamic Economy 2014-2015, the global expenditure of Muslim consumers on food and lifestyle sectors grew 9.5 per cent from previous years' estimates to US\$2 trillion (RM8.3 trillion) in 2013 and is expected to reach US\$3.7 trillion by 2019, at a compound annual growth rate of 10.8 per cent. The Muslim population throughout the world was estimated at 1.588bn in 2010 (Hackett and Grim, 2012), the vast majority of whom (985.53m) live in Asia. Halal doesn't mean the end food that we had consumed, or the things that we wear or use as our daily consume but Halal must be seen from the beginning. The procedure, the warehouse, the materials itself must be considered too.

The study is made at Halal Park TanjungLangsat. Halal Park TanjungLangsat has been developed by TPM Technopark which is the subsidiary of Johor Corporation group of companies. Halal Park TanjungLangsat is a Palm Oil Industrial Cluster (POIC) industry. It shows that companies that operate in Halal sector specifically in palm oil industry had invest in Malaysia as they had choose Halal Park TanjungLangsat as their location with various reasons. A little bit haram makes a product non-halal (in case of cross contamination) and in case of doubt, the product should be avoided (Al-Qaradawi, 2007). It is extremely important that halal products are segregated from non-halal products, to avoid cross contamination, mistakes and to ensure that the operations are consistent with Syariah and the expectations of the investors.