

UNIVERSITI TEKNOLOGI MARA

**HALAL COMPLIANCE PRIORITY
ASSESSMENT USING ANALYTIC
HIERARCHY PROCESS (AHP)
FOR FOOD SERVICE**

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ABSTRACT

One of the emerging and lucrative areas is the establishment of halal supply chain management, in particular the food supply chain management. The demand towards an effective and acceptable food management services is quality and compliance to meet the requirement of halal products, in particular, the halal food and beverage supplies across the world. The halal food chain is one of the leading industries that aggressively adapting to newly emerging consumer interests like food safety, animal welfare and convenience in cooking and eating. Problems in tracing the authenticity and allocate the source of contamination always delimits the efficacy of the halal food supply chain management system. To date, very little studies look into the global halal food supply chain management performances. The past studies on tracking movement of imported food (processed) products, reveals a critical level of non-compliance among halal logistics operators. In extension, this study aims to determine criteria of behavior among halal food supply chain management players. The study used analytic hierarchy process (AHP) in determining halal food supply chain parameters (HSCP). The HSCP based approach will analyze continuous logistics process of the supply chain covering outbound and inbound activities and provides the conceptual elements for the assessment of the halal food industry concerns. This study attempts to provide insights to factors that influence decision makers into participating in halal supply chain. Surveys and exclusive interviews with customers, restaurant owners and the food suppliers were conducted over a period of two years in 2014 and 2015. This study discovers some priorities among the two parties involved by intergrating the expectaion of the customers, and conclude that knowledge on halal is second most prioritize by all beside practices and activites, while ingredients is the least prioritize. Thus, it is proposed that creating awareness on various issues related to halal standard, halal certification and halal recognition should be done to improve the acceptance and participation as to assure the dynamism of the halal food supply chain management and the industry, in general.

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CHAPTER ONE

INTRODUCTION

This chapter discuss the background of halal industry market and its trend, specifically in Malaysia, problem statement, research objectives, research questions, significance of this study, definition of important terms and layout of this thesis.

1.1 Research Background

The Malaysian economy has experienced a declining growth in GDP per capita from 4.5 percent in 2014 to 3.5 percent in 2015. Despite of the declining trend, the index of services registered a growth of 4.8 percent in the fourth quarter of 2015 as compared with the same quarter of 2014. Index of services covers eleven subsectors and food & beverages and accommodation is one of them, which contributes 5.9 percent of the performance of services sector in the fourth quarter of 2015 as compared with the same quarter of 2014. (Department of Statistic Malaysia (DOSM), 2015). Malaysia's population is around 29 million with relatively young, with 32 percent under 15 years old and more than 60 percent are Muslim. With a significant pool of young and Muslim customers, with modern life style, different eating habits, growing consumption of local and imported food and beverages have contributed to the domestic economy.

Rapid urbanization and change in lifestyles have brought extra changes to local Malaysian customer preferences to food services industry (Fatimah, *et al.*,2011). These trends have significant effect in the foodservice sector and halal certification is essential. Food service industry has been growing as one of the main business and the fastest growing industry in Malaysia and in the global market. The industry is considered to be the fastest growth industry in the global market, and it is described by players of the industry as being in the middle of a perfect storm (Haas, 2008). The establishment of food premises has been increasing at both remote and the urban areas. Malaysia has a wide variety of dining establishments, including full service restaurant, food stalls, food court, fast food restaurant, cafes and many others.

According to Department of Statistics Malaysia (2010), the total number of registered food services in 2010 was 118,277. Out of this, restaurants made up