

Understanding the Halal Concept and the Importance of Information on Halal Food Business Needed by Potential Malaysian Entrepreneurs

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DOI Link: <http://dx.doi.org/10.6007/IJARBSS/v5-i2/1476>

Published Date: 14 February 2015

Abstract

The wholesomeness concept of Halal, which covers not only the Shariah requirement, but also the sustainability concept of hygiene, sanitation and safety aspect, makes Halal food readily acceptable by consumers who are concerned about food safety and healthy life style. Realizing that, small entrepreneurs take advantage of business opportunities in the Halal industry to reap the benefits of increasing profits for Halal food areas that have great potential to generate income. Therefore, the aim of this study is to identify whether respondents understand the concept of halal-based business and to examine the important information needed by them in venturing into halal food business. Questionnaires were sent out to a total of 60 potential entrepreneurs who attended a three-month entrepreneurship course conducted by the Malaysian Academy of SME and Entrepreneurship Development of Universiti Teknologi MARA,

Malaysia. Results showed that respondents' understanding on halal concept is high as indicated by overall mean score of 4.52. Besides, respondents have positive behavior towards Halal products (mean=4.58). Furthermore, information on Halal food production, preparation, handling and storage are the most important information needed by the respondents. Therefore, Halal governing body must ensure that all the information pertaining to Halal-based business can be accessed easily in order to fulfil the entrepreneurs' information needs.

Keywords: Information Needs, Entrepreneurship, Halal-Based Information Need

Introduction

Halal has now become a universal concept. Halal is a term exclusively used in Islam which means permitted or lawful. There are no parties which can claim the food is Halal without complying with Islamic Law. Halal and non-Halal covers all spectrums of Muslim life, not limited to foods and drinks only, but also for safety, animal welfare, social justice and sustainable environment. Halal and *Toyyiban* which means clean and wholesome portray the symbol of intolerance to hygiene, safety and quality of food that Muslims consumed.

Verbeke (2006) expressed that in recent years consumers have attached increasing importance to food safety, health, naturalness, pleasure, convenience, information and ethical issues like sustainability, animal or environmental friendliness in the food they consumed. On the other hand, the wholesomeness concept of Halal, which covers not only the *Shariah* requirement, but also the sustainability concept of hygiene, sanitation and safety aspect, makes Halal food readily acceptable by consumers who are concerned about food safety and healthy life style. Muslims have to follow a set of dietary laws intended to advance their well being. However, not only religious motives determine Halal consumption, but also health, hygiene, friendliness to environment, respect for animal welfare and social issues, such as religious identity and degree of acculturation (Bonne & Verbeke, 2007). The scientific scrutiny of religious diets is relevant to nutritionists, because it helps optimize nutrition for those who choose to follow such diets and improves overall understanding of diet and health. Research done by Golnaz, Zainalabidin and Mad Nasir (2012) showed that at least 79 percent of non-Muslim consumers are aware of the existence of Halal principles and admitted that their awareness of Halal principles had improved a lot via advertisements. In the same study, 40 percent of the respondents really understood the Halal principle concept.

According to Robin (2004), lack of knowledge, awareness and understanding of the Halal concept among Muslims and the manufacturers of Halal products may cause the loss of appreciation to Halal. In fact the holy Quran addressed all human beings and not just Muslim to search for Halal and it is for their own benefit. One should understand that Halal food requires that it is prepared in the most hygienic manner that meets international food safety standards and should not be viewed as offensive to any religious belief. The basic issue in Halal food production is cleanliness, free from 'contamination' and healthy food as defined in the Quran.

Consumers' understanding, awareness and familiarity with the food that they consume are determined by individual, social and environmental factors including marketing, information and food specific properties (Connor, 1988). Balkhyoor (2013) stated that a positive level of consuming awareness of the family is a result of the advancement of information industries that affected the quality of life and the level of needs which in turn created a great demand on the goods and services. According to Berry (2008), there is a strong demand for Halal products in a number of non-Muslim countries for both Muslim and non-Muslim consumers

since Halal products are also growing in popularity due to the positive perception that Halal products are healthier, safer and humane animal treatment. In addition, Islamic Food and Nutrition Council of America's (2009) report in March 2009, stated that the focus on food being wholesome also creates a strong opportunity to market Halal food as a lifestyle choice; the new "organic product", especially in the United States of America and Europe where consumers already pay premium prices for organic foods.

Halal accreditation is considered as the benchmark for food safety, quality assurance and many beneficial characteristics which are not only to be enjoyed by Muslim consumers but also meant for non-Muslims consumers. Halal requirements meet many of the conventional quality standards, such as ISO9000, Good Hygienic Practice (GHP), Good Manufacturing Practices (GMP), veterinary inspection, Codex Alimentarius and Hazard Analysis and Critical Control Point (HACCP). Hence, the industry which implements the Halal requirements will produce better quality food products compared to those who implement the conventional standards (Talib & Ali, 2009). However, Halal values can be popularized among non-Muslim consumers if the society is made to be more aware of the benefits concerning health, hygiene, safety, the environment, social justice and animal welfare that comes together with the Halal ways of doing things.

Recognizing this need, small entrepreneurs should take advantage of business opportunities in the Halal industry to reap the benefits of increasing profits for Halal food areas that have great potential to generate income. Looking at the involvement of small entrepreneurs in the Halal food industry, it is still lacking due to a variety of capital constraints, competition, technology and weak business networks as well as lack of experience from the marketing aspect of their business expansion (Sazelin, 2008).

Apart from the lack of awareness in obtaining Halal certification, most of Halal food small business entrepreneurs are lacking of knowledge about the registration requirements for intellectual property ownership. The products they produce should be registered so as to avoid infringement of their intellectual property. Zulkifli (2013) mentioned that several studies that was conducted have proven that entrepreneurs who registered intellectual property protection can increase the market value of their products, able to get the opportunity into the global market and also able to get profitable returns.

All business enterprises need business information for different business activities. Lavrin and Zelko (2003) pointed that information that are most needed by the business enterprises include: (a) business contacts i.e. information on business and marketing partners, technology providers and public incentives bodies; (b) available market opportunities such as procurement and marketing opportunities; (c) markets for products or goods; and (d) services and research information. A study by Kassim (2010) on the types of information needed by new managers of small and medium-sized enterprises in Shah Alam, Malaysia found that the most common types of information required by business managers are business information/opportunities, financial sources, current marketing trends, location, survey/research and sources of raw materials or intermediate products, information on customers, government regulations and policies, competitors, business registration, method/equipment/technology, risk, and labour availability, profitability, networking methods and travels. Knowledge of business information and types of business concepts are the two most common specific information needs under business information/opportunities, while information on the availability of borrowed capital is the single most common specific information need under financial sources. Respondents are generally most concerned with the sources of their capital requirement. Other than that, the result of the research done by

Kassim, Buyong and Kasmarini (2014) revealed that the most crucial information needed by people with entrepreneurial intention were: preparing business plan, services provided by the government, plan cash flow, business opportunities, and help on finance.

Thus, in light of this background, this has prompted the researchers to identify whether respondents understand the concept of halal-based business and to examine the information needed by them in venturing into halal-based business. The specific objectives are as follows:

1. To identify whether respondents understand the concept of halal food-based business
2. To assess the respondents behavior towards halal products
3. To determine the important information they needed to set up halal food business

Methodology

The samples in this study were the graduates of Universiti Teknologi MARA (UiTM) who graduated in various fields since the university aspires to increase the number of qualified entrepreneurs. The tool of investigation utilized in the study was a structured questionnaire which was meticulously prepared to gather information on various parameters. A self-administered questionnaire was employed to gauge the understanding of the Halal concept and importance of information needed by Malaysian entrepreneurs. The researchers decided to use questionnaire as the method for collecting useful information due to respondents working situation. The questionnaire consists of questions that require fairly straight forward information. Questionnaires were sent out to a total of 60 potential entrepreneurs who attended a three-month entrepreneurship course conducted by Malaysian Academy of SME and Entrepreneurship Development or also known as MASMED of Universiti Teknologi MARA, Malaysia. The rate of return was quite high which was 91.67% or 55 respondents. The Statistical Package for Social Science (SPSS) 20.0 was used to tabulate the data gathered from the research questionnaire.

Results and Discussions

In this study, all of the respondents ($n = 55$) are from 20 – 30 years old with female (61.8%) respondents outnumbered male respondents (38.2%). Most of the respondents (94.5%) are Bachelor Degree holders while the rest (5.4%) hold STPM or Diploma. Besides, most of the respondents ($n = 35$ or 63.6%) have started their business while another 36.4% ($n = 20$) have not started their business yet.

Understanding on Halal Concept

Respondents' general understanding on halal concept is measured using 8 statements, and the mean scores of these statements are presented in Table 1. Also included are the percentages of those respondents who responded 4 or more, as described in the individual statements in Table 1. These are arranged in descending order of the mean score i.e., from the "most agreeable" to the "least agreeable". With the interpretation of the various statement measures with respect to 5 being "totally agree" and 1 being "totally disagree", the results are discussed below.

The understanding on Halal concept for all the respondents in the study setting is high as indicated by the mean scores, which range from 4.82 (All Halal products in Malaysia should have Halal logo certified by JAKIM) to 4.05 (Critical ingredients in halal logo certification is animal elements such as oil, fats and alcohol).

The respondents agreed with all of the 8 statements (mean scores being larger than 4), and

the overall mean score is 4.52. These responses point to the understanding on Halal concept. Therefore, Malaysian entrepreneurs may be considered as knowledgeable and understand the general Halal concept in Syariah law whereby they know the procedure to distinguish between Halal and Haram products in Malaysia.

Table 1:

Mean Scores of Respondent by Statement: Understanding on Halal Concept

Statement (N = 55)	Mean Score	Percentage with Positive Responses (%)
1. All Halal products in Malaysia should have Halal logo certified by JAKIM	4.82	96.4
2. Muslims should only consume Halal product	4.78	96.3
3. All Haram products are forbidden for Muslims to consume	4.71	94.6
4. Malaysia Halal Certification provides assurance to all Muslims consumers because it fulfils the Syariah law, which is a must for Muslims.	4.71	94.6
5. Halal originates from an Arabic phrase that means allowed or permitted by Islamic Law	4.67	94.4
6. Consumer can get information on Halal products from www.halal.gov.my	4.25	83.7
7. The main issue for Malaysian Halal logo certification is the use of animal and alcohol based raw material	4.22	83.6
8. Critical ingredients in halal logo certification is animal elements such as oil, fats and alcohol	4.05	80.0
All Statements	4.52	78.65

The respondents identified *all Halal products in Malaysia should have Halal logo certified by JAKIM* (4.82) as the most important indicator in understanding Halal concept in Malaysia. This is followed by *muslims should only consume Halal product* (4.78), *all Haram products are forbidden for Muslims to consume* (4.71) and *Malaysia Halal Certification provides assurance to all Muslims consumers because it fulfils the Syariah law, which is a must for Muslims* (4.71); the other statements' mean scores can be gleaned and interpreted accordingly from the table.

However, there are three statements which were rated lower. These are: *consumer can get information on Halal products from www.halal.gov.my* (4.25); *the main issue for Malaysian Halal logo certification is the use of animal and alcohol based raw material* (4.22) and *critical ingredients in halal logo certification is animal elements such as oil, fats and alcohol* (4.05).

The above results are based on the percentage of positive responses given. Overall, more than half (78.65%) of the respondents felt they possess general understanding on Halal concept. Furthermore, the percentage of those who were positive about Halal concept range from 96.4% (*All Halal products in Malaysia should have Halal logo certified by JAKIM*) to 80.0%

(Critical ingredients in halal logo certification is animal elements such as oil, fats and alcohol). Looking at both the mean score and the percentage of positive responses, it can be concluded that respondents are positive on their understanding of Halal concept and want all Halal products in Malaysia to get certification from JAKIM.

Behavior towards Halal Products

In this study, respondents' behavior towards halal products is identified using 4 statements, and the mean scores of these statements are presented in Table 2. Also included are the percentages of those respondents who responded a scale of 4 or more (positive responses), as described in the individual statements in Table 2.

Respondents' behavior towards Halal products in this study is high as indicated by the mean scores, which range from 4.73 (I only consume Halal products) to 4.49 (I do not purchase products that I do not believe to be Halal).

The respondents agreed with all of the 4 statements (mean scores being larger than 4), and the overall mean score is 4.58. These responses highlighted that respondents have positive behavior towards Halal products.

Table 2:

Mean Scores of Respondent by Statement: Behavior towards Halal Products

Statement (N = 55)	Mean Score	Percentage with Positive Responses (%)
1. I only consume Halal products	4.73	96.4
2. Before I purchase certain product, I usually refer to Halal logo	4.58	89.1
3. I do not purchase products that I do not believe to be Halal	4.49	90.9
4. As a Muslim, I only purchase product that have Halal certification	4.55	89.1
All Statements	4.58	91.4

Moreover, the above results are based on the percentage of positive responses given. Generally, majority (91.4%) of the respondents are positive on their behavior on Halal products. This indicates that respondents do not just have general understanding on Halal concept but also apply the knowledge and understanding to their daily life. This is due to Halal products are chosen to be used and consumed based on the Halal logo and certification.

Important Information Needed to Setup Halal Business

As entrepreneurs or prospective entrepreneurs in Malaysia, respondents' information needs to conduct Halal based-business were examined. There are 18 types of information needed that were identified by the researchers and respondents were asked to determine the level of importance of each information to them using 1 to 5 likert scale (1= not important at all, 5 = very important).

Table 3: Important Information to Set up Halal Business

Type of Information		Mean	Standard Deviation
1.	Halal Food Production	4.85	0.356
2.	Halal Food Preparation	4.85	0.405
3.	Halal Food Handling	4.84	0.420
4.	Halal Food Storage	4.84	0.420
5.	Malaysia Halal Logo	4.80	0.404
6.	Halal Certification	4.78	0.498
7.	Packaging Halal Environment	4.76	0.470
8.	Halal Application	4.76	0.470
9.	Halal Standards in Malaysia	4.73	0.525
10.	Halal Brand	4.71	0.567
11.	Halal Business Training	4.65	0.552
12.	Halal related fatwa	4.64	0.620
13.	Halal laws	4.64	0.677
14.	Halal Channel	4.64	0.620
15.	Critical Halal ingredients in food	4.60	0.627
16.	Halal Guide Book	4.58	0.686
17.	Penalty for Halal	4.55	0.715
18.	Halal directory / index	4.53	0.690

Based on the results above, it can be seen that all information listed are considered important to the respondents as indicated by the mean score that range from 4.85 (Halal food production and halal food preparation) to 4.53 (Halal directory / index). These responses pointed that it is very crucial for the respondents to obtain and have listed information on Halal in order for them to produce Halal products.

Penalty for Halal is also among two information with minimum mean score (4.55) whereby there is no standard law and regulations available pertaining to sentence for producing goods with no Halal certification from authorized body. However, information regarding Halal directory / index has the minimum mean score with 4.53 which indicates that it is the least information needed by the respondents. This is perhaps due to lack of awareness of the existence of Halal directory / index in Malaysia.

In conclusion, the respondents identified *Halal food production* (4.85) and *Halal food preparation* (4.85) as the most important information that they need in producing Halal-based products. This is followed by *Halal food handling* and *Halal food storage* (both 4.84 respectively), *Malaysia Halal Logo* (4.80) and *Halal certification* (4.78); the other mean scores can be gleaned and interpreted accordingly from the table. Looking at this result, it can be concluded that information on Halal food (production, preparation, handling and storage), Malaysia Halal logo and Halal certification are the most critical information for the respondents in order to fulfil Halal standard in Malaysia.

Discussion and Conclusion

This study concluded that respondents have general understanding on Halal concept. This is due to the general background of the respondents who are Muslims and they live in a country where the citizens are mostly Muslims and following the Islam way of living.

Besides, this study also shows that respondents have positive behavior towards Halal products. Religious commitment and self-identity are among the factors that lead to this behavior. Loser, Klein and Dollahite, (2008) pointed that the impact of religion has an internal influence on the lives of individuals and guides different rituals and behaviors. Self-identity as a "Muslim" means individual must live in a way that is standard in Muslim culture. Previous study pointed that individuals are influenced by other members of a reference group, and behavioral traits attribute to the religious spiritual origins (Lindridge & Dibb, 2003). Therefore, Muslims are knotted in a relationship that constantly guides and influence their behavior towards Halal products.

As respondents already have general understanding on Halal concept and positive behavior toward Halal products, there is crucial information needed by them in order to produce Halal goods. This study conclude that information on Halal food production, preparation, handling and storage are the most important information needed by the respondents. This is because Halal is always associate with dietary law in Islam as Muslims are supposed to make an effort to maintain the intake of Halal food of good quality (Riaz & Chaudry, 2004). According to Marzuki, Hall and Ballantine (2012), Halal certification signifies that it has some qualities that make it exclusive and at the same time compliant to the Islamic dietary rules.

Based on this study, it is recommended that Halal governing body in Malaysia should provide more information on Halal food due to high demands and needs in producing Halal goods. However, it must be ensured that all the information pertaining to Halal food and Halal certification can be easily accessible in order to fulfil the entrepreneurs' information needs.

Acknowledgement

We gratefully acknowledge funding provided by the Research Management Institute of Universiti Teknologi MARA (600-RMI/DANA 5/3RIF (648/2012)).

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