

OVERVIEW OF HALAL PRODUCTS AND SERVICES IN MALAYSIA AND GLOBAL MARKET

Mohamad Idham Md Razak 

Faculty of Business Management

University of Technology MARA (UiTM), Kampus Alor Gajah, Melaka, Malaysia

iedham@melaka.uitm.edu.my

Zainab Alias

Faculty of Business Management

University of Technology MARA (UiTM), Kampus Alor Gajah, Melaka, Malaysia

Iwani Hazlina Abd. Samad

Faculty of Business Management

University of Technology MARA (UiTM), Kampus Alor Gajah, Melaka, Malaysia

Roszi Naszariah Nasni Naseri

Faculty of Business Management

University of Technology MARA (UiTM), Kampus Alor Gajah, Melaka, Malaysia

Nurul Zamratul Asyikin Ahmad

Faculty of Business Management

University of Technology MARA (UiTM), Kampus Alor Gajah, Melaka, Malaysia

Farrah Nadia Baharuddin

Faculty of Business Management

University of Technology MARA (UiTM), Kampus Kuala Pilah, Negeri Sembilan, Malaysia

Abstract

This study embarked on the importance and tendency on Halal products and services in Malaysia and Global Market. In global market, consumer base for Halal products is around 1.7 billion people and worth more than 2.3 trillion dollars. It makes the Halal market vitally important emerging sector that should not be overlooked. From the market perspective, traditional target market remains in Asia and Middle East, however due to the effect of globalization; there is a significant development of market size for Halal market in Europe and USA. Besides in Western country, most Halal product is still not readily available for UK market. We see this phenomena being applied not only on food items. Personal hygiene and healthcare products, toiletries and cosmetics are all appearing as Halal options. Once Halal is understood as a lifestyle choice, the range of options for Halal product will increase exponentially. In Malaysia, Halal products is not a big issue as we can find Halal food everywhere from the street market up to the high end chain. The competition can be considered intense in the market.

Keywords: Halal products; Product Management; Global Market, Market review

INTRODUCTION

There are four terms that are linked to the definition of Halal which are permitted, allowed, lawful and legal. Halal includes products and services whereas it basically relating to Muslims which make them different to other religions. Halal not only covers food and drinks, but also covers all matters in daily life. For example, cosmetic, pharmaceutical are the products that we need to make sure the ingredients used are legal by Islam laws. It also covers other aspects such as their clothes, life environment, jobs and so on. All these products are taken and used by them daily. The responsible party such as JAKIM should monitor all Muslims companies' production process to ensure they are not using prohibited materials or ingredients in their products. Especially in food and drink, there are some animals that cannot be included together with the Islamic products.

Malaysia is a leader in the halal food benchmarking. The United Nations has cited Malaysia as the world's best example of benchmarking of halal food in accordance with the Codex Alimentarius Commission adopted the Codex general guidelines for the use of the term halal in Geneva in 1997. This is because a single halal standard is applied throughout the country with the result that the Malaysian standard has become the basis for the development of the world's halal food industries (SME Annual Report 2006, 2007). This positioning, however, only means that it is imperative for Malaysia to remain competitive in the global halal marketplace as this is not an industry without serious challenges. One such challenge is product

differentiation that meets customers' needs and expectations to ensure competitive edge and revolves business sustainability.

In order to develop a good halal market in Malaysia and global market, people need to consider several aspects that have become a barrier to a successful business in promoting Halal Products and Services. The three aspects that have been researched are demand, awareness and culture. Research has shown the percentage of demand on Halal Products and Services is high in Malaysia and global market. However, there is lack of sources on the goods and service supply in both markets. Even though the number of demand has boost in the market, limited number of suppliers in producing Halal Products and Services has caused to the Halal market from growing. It is important for the suppliers to fulfil the needs and wants of the consumers. The size of global Halal market is expected between \$1.2 trillion to \$2 trillion per annum. The demand for Halal Products and Services are not only in Islamic countries but also in other non-Muslims countries.

Awareness of the people towards the benefits on Halal Products and Services is important in order to build a strong Halal market in Malaysia and global market. Wide exposure regarding Halal Products and Services is important to let the consumers knows about the rewards that they can get by using the Halal Products and Services. The awareness is not only for the Muslims but also for non-Muslims. A well-managed Halal Products and Services has resulted to tons of profits to the users. Last but not least is about the culture. Some of the researchers have done a research which shown that different cultures have different beliefs. Cultures have influenced the buying aspects. This study related to the importance of the production and tendency on Halal Products and Services in Malaysia and global market. The problem statement for this study is to determine the demand of the consumers on Halal Products and Services, awareness of the consumers toward Halal Products and Services and Culture has become one of the aspects which influenced people in buying Halal Products and Services.

LITERATURE REVIEW

The demand on Halal products and services has been increasing from time to time in Malaysia and in global market. The worldwide demand of Halal products and services is not restricted to Muslims only, but for non-Muslims also they are preferred to buy products bearing the Halal logo, thus it providing to a huge boost to the Halal industry. In Dubai, the latest research by the World Halal Forum shows that the total size of global Halal food market is worth about \$632 billion in 2009 and if we include the non-Muslim users, the total will be higher than the stipulated amount (Dagang Halal, 2011). With more than 1.8 billion Muslims globally, the total size of

global Halal food and services such as financial services, pharmaceuticals and cosmetics industries is estimated around RM7.89 trillion (Dominiques Patton, 2006). To achieve quality assurance standards, getting the Halal certification by Jakim is important to ensure the manufacturers and procedures getting the assurance that their ingredients, its preparation, procession, hygienic and sanitation procedures pass the mark (Sumali, 2006). This will make the demand on Halal products and services much higher because the consumers are confident with the benefits and preparation by Jakim.

The Halal food industry is not a single market. It is fragmented market where every country or region has its own characteristics (Lada, 2009). Besides that, according to other researcher, it is important for Muslims to understand the concept of Halal and Haram that meet the demands of the religion (CAP, 2006). The uses of Halal products and services are from the awareness of the consumers. It is important for the consumers to be aware of the benefits of Halal products and services, the ingredients used, the safety and the process of production. The effective quality assurance also addresses safety and quality for both products and processes (Manning et al, 2004). Therefore, marketing process is used to give awareness to consumers about the Halal products and services. Halal certification can be used as a marketing tool in promoting the Halal products or services but the awareness of the Halal concept and the knowledge of Halal standards among customers are still low (Syed and Nazura, 2011).

However, the Halal status is still important in the market. It has been estimated that 86.5% of the EUA Muslim consumers request and want the logo and certificate of Halal because of the status of the products and services they purchased is important for them (Wilson and Liu, 2011). Thus, many companies and responsible persons started to focus on Muslim consumers' needs and wants by producing compliant products including cosmetics and services following the Islamic Syariah which is estimated to be \$2 trillion annually (The Halal Journal, 2009). Recently, many of the Muslims are starting to become aware of the importance of Halal food, which has led to the rapid expanding of World Halal Food industry (Che Man et al, 2010). The awareness towards Halal products and services are not only by Muslim consumers but there are some Non-Muslim consumers also preferred to buy Halal products and services. Both Malaysia and global market are applying the Halal certification to convince the consumers in buying the Halal products and services and also to increase awareness towards the benefits of using it. Non-Muslim customers who lived in a multi-religious social-environment like Malaysia are aware of Halal food and they also understand about the safety of the Halal products and services (Golnaz et al, 2010). As a result, many of the non-Muslims customers are satisfied with Halal products and services (Mir et al, 2010). Thus, both Muslim and non-Muslim customers

tend to choose Halal products and services based on attitude, subjective norm and perceived behavioural control (Arshia and Mohsin, 2012).

Moreover, the definition of culture is extensive. Culture can be defined as civilization taken in its wide ethnographic sense, is that complex whole which includes knowledge, belief, art, morals, law, custom and any other capabilities and habits acquired man as a member of society (E. B. Tylor, 1871). In other perspective, culture is the framework of belief, expressive symbols and value in terms of which individuals define their feelings and make their judgments (Geertz, 1957).

According to Shabbir (2010), religious commitment plays an important role in people's lives through shaping their belief, knowledge and attitudes. This shows that different cultures have different perspectives or belief, thus influencing the customers' trend of purchase. However, Halal is now accepted as a quality system worldwide that appeals to both Muslims and non-Muslims as well (Ariff, 2009). This is because the acceptance and application of demand on Halal products and services has gone abroad which not only in Malaysia but also in global market. Therefore, the target market for the users of Halal products and services are not only for Muslims but also for non-Muslims. Halal conscious customers have a high regard for Halal concept and they tend to use behavioural traits decision making (Wilson and Liu, 2011). In Philippine, there is an increasing number of Filipinos becoming health-conscious. They are looking for Halal products and services which they believe that it is safe, healthy and good to be consumed (Muhammad, 2007).

RESEARCH METHODOLOGY

The study was conducted by distributing questionnaires to 39 respondents, in which the samples were selected by simple random sampling approach. Variables use in the research is the importance and tendency on Halal Products and Services as the variable X and Malaysia and Global Market is variable Y. Besides, we also collected information from numerous literature and researches linked to the research to understand the nature of Halal Products and Services, the importance of Halal products and Services, the tendency on Halal Products and Services as well as the uses of Halal Products and Services in Malaysia and Global Market. In this study, questionnaires divided into 4 sections- Section A: Demographic profile. Section B: Demand on Halal Products. Section C: Awareness. Section D: Culture

The research concentrates in primary data that were collected through distributing self-administrated questionnaires at major parts of Shah Alam and Kuala Lumpur. The questionnaires were also distributed to the customers of our previous employer. The sampling method that has been used in this study is non-probability sampling. Non-probability sampling

designs rely on the personal judgment of the researcher rather than chance to select the sample size. The researcher can arbitrarily or consciously decide the elements to include in the sample as cited in Malhotra, N.K (2004). In this study, the researcher collected data through two resources; primary data and secondary data. The primary data is originated for a specific purpose of addressing of a problem at hand whereas secondary data are already published.

Furthermore, 50 sets of questionnaires were distributed in different part of Shah Alam, Subang and Kuala Lumpur by face to face communication and by email to collect their responses and they were answered by participants with consent and on voluntarily basis. 39 questionnaires were returned to the researcher. Once the necessary data has been collected, the data will be analyzed and summarized in a readable and easily interpretable form. The statistical package for the social science version 14 is used to summarize the data. The result will be in form of reliability testing, frequency distribution and Pearson correlation.

ANALYSIS & FINDINGS

Demand

Most respondents agreed that awareness is an important factor that influences the tendency of people on Halal Products and Services in Global market except question 6.

Table 1: Demand of Halal Products and Services

Question	Frequency (%)					Mean	Std. Dev
	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree		
Malaysian people demand more on Halal Products and Services (Q6)	1 (2.6%)	2 (5.1%)	9 (23.1%)	14 (35.9%)	13 (33.3%)	3.92	1.010
Foreigners are demand on Halal Products and Services (Q7)	0 (0%)	4 (10.3%)	19 (48.7%)	10 (25.6%)	6 (15.4%)	3.46	0.884
Demand on Halal Products and Services not only in Malaysia but also in other countries (Q8)	0 (0%)	2 (5.1%)	13 (33.3%)	16 (41%)	8 (20.5%)	3.77	0.842
People demand on Halal Products and Services because of the halal ingredient and following the Islamic syariah (Q9)	0 (0%)	1 (2.6%)	11 (28.2%)	16 (41%)	11 (28.2%)	3.95	0.826
Halal Products and Services are not restricted to Muslim only, non-muslim also prefer to buy products bearing the halal logo (Q10)	0 (0%)	3 (7.7%)	9 (23.1%)	18 (46.2%)	9 (23.1%)	3.85	0.875

Awareness

Table below summarize the detail analysis of Section C (Awareness) that presents the frequency and percentage of each question, mean and standard deviation. Most respondents tend to agree that awareness is an important factor that will influence tendency of people on Halal Products and Services in Global market. Most of respondent choose strongly agree except for question 13.

Table 1: Awareness of Halal Products and Services

	Frequency (%)					Mean	Std. Dev
	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree		
Halal Products and Services are more suitable (Q11)	0 (0%)	0 (0%)	11 (28.2%)	12 (30.8%)	16 (41%)	4.13	0.833
Halal Products and Services gives a good health and better services to the users using Halal sources and Islamic syariah (Q12)	0 (0%)	0 (0%)	8 (20.5%)	15 (38.5%)	16 (41%)	4.21	0.767
Malaysian people are aware with a benefits of Halal Porducts and Services in Malaysia (Q13)	0 (0%)	1 (2.6%)	11 (28.2%)	14 (35.9%)	13 (33.3%)	4	0.858
The uses of Halal Products and Services is important (Q14)	0 (0%)	1 (2.6%)	10 (25.6%)	10 (25.6%)	18 (46.2%)	4.15	0.904
The productions of Halal Productions and Services are more well-managed (Q15)	0 (0%)	1 (2.6%)	10 (25.6%)	10 (25.6%)	18 (46.2%)	4.15	0.904

Culture

Table below summarizes the detail analysis of Section D (Culture) that presents the frequency and percentage of each question, mean and standard deviation.

Most respondents tend to agree that culture is an important factor that influence tendency of people on Halal Product s and Services in Global market. Most of respondent choose to agree except question 18.

Table 3: Cultural issues

Question	Frequency (%)					Mean	Std. Dev
	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree		
Different culture have different belief (Q16)	1 (2.6%)	3 (7.7%)	3 (7.7%)	16 (41%)	16 (41%)	4.10	1.021
A different cultures are not the barrier of using Halal Products and Services (Q17)	5 (12.8%)	0 (0%)	5 (12.8%)	15 (38.5%)	14 (35.9%)	3.85	1.288
Culture influencing people's buying behavior (Q18)	2 (5.1%)	3 (7.7%)	6 (15.4%)	13 (33.3%)	15 (38.5%)	3.92	1.156
Halal Products and Services are not for Malay culture only but it can also be accepted by other cultures in global market (Q19)	1 (2.6%)	1 (2.6%)	7 (17.9%)	16 (41%)	14 (35.9%)	4.05	0.944
Support from other cultures tend to high demand on Halal Products and Services in global market (Q20)	1 (2.6%)	4 (10.3%)	5 (12.8%)	16 (41%)	13 (33.3%)	3.92	1.061

CONCLUSION

The results presented in this paper provide evidence that the importance on Halal products and services is affected by all three independent variables which are demand, awareness and culture. Based on the result from the Reliability Test, the Cronbach's Alpha reliability coefficient of all the independent variables (demand, awareness and culture) and dependent variable (the importance of Halal products and services) were obtained. The result indicates that the Cronbach's Alpha is 0.856. The closer the reliability gets to 1.0 is better. In general, reliabilities less the 0.65 are considered to be poor, those 0.70 ranges, are acceptable and those 0.80 is good. The Cronbach's Alpha for these questionnaires is classified as acceptable and reliable to implement for the real study.

Moreover based on the result from Pearson Correlation Coefficient, the highest significant of factor influence the importance on Halal products and services is awareness value of 1.096. Based on the results, it indicates that the assurance is the most contributes that influence the importance on Halal products and services. For example of awareness attributes are customers are knowledgeable and care about the process of production and the ingredients used in the products or services. As a recommendation, the research results proved that there are some factors that influence the importance on Halal products and services. The customers should be more aware on the benefits on the Halal products and services. Meanwhile the

companies should produce more Halal products and services and do an aggressive marketing to put awareness on customers towards the benefits on Halal products and services. This is because the findings have shown that the awareness of the Halal concept and the knowledge of Halal standards among customers are still low (Syed and Nazura, 2011).

Based on CAP who conducted the research on year 2006, it is important for Muslims to understand the concept of Halal and Haram that meet the demands of the religion. However, this research is not only for Muslims, it is also important for the responsible person to give more awareness on the benefits of using Halal products and services for non-Muslims. This is because many non-Muslim customers are satisfied with Halal products and services (Mir et al. 2010). High awareness will led to high demand of Halal products and services thus, will expanding the Halal market and increase the demand of Halal products and services in Malaysia and global market.

REFERENCES

- Ahmed, A., (2008). Marketing Of Halal Meat in the United Kingdom - Supermarkets versus Local Shops. *British Food Journal*.
- Allen, D. (2002) "Toward a Theory of Consumer Choice as Sociohistorically Shaped Practical Experience: The-Fits-Like-a-Glove Framework", *Journal of Consumer Research*, Vol:28, pp. 515-532.
- Ariff (2009), Importance of halal certification. Retrieved from <http://www.halaljournal.com/article/4262/importance-of-halal-certification>
- Bergeaud-Blacker, F. (2006). "Halal food consumption in France", report published by Blackwell, R.D., Miniard, P.W. and Engel, J.F. (2001), *Consumer Behavior*, Harcourt Inc., Orlando, FL.
- Coakes, S.J., Steed, L., Ong. C. (2010). *SPSS Version 17 for Windows: Analysis without Anguish*, John and Wiley Sons Australia, Ltd
- Dagang Asia Net (2011), The Emerging of Global Halal Market. [cited May 11, 2011]. Available from: <http://www.dagangasia.net/articles>.
- Dominique, Patton, (2006). Malaysia Looking for Bigger Role in Halal Industry at <http://www.foodnavigator-usa.com/news>.
- Hair. J. E, Anderson. R. E, Tatham, R. L, Black W. C. (2003). "Multivariate data analysis" Upper Saddle River, NJ: Prentice-Hall
- Manning, L, Baines, (2004). R.N, Effective Management of Food Safety and Quality in *British Food Journal*. Vol 106 No 8. pp598-606.
- Moklis, S. (2006). The Influence of Religion on Retail Patronage Behaviour in Malaysia. University Of Stirling, United Kingdom.
- Sekaran U. (2003), *Research Method for Business: A Skill Building Approach*, John Wiley and Sons Inc
- Shafie, S., Othman, M. N. (2006). Halal Certification: International Marketing Issues and Challenges. Paper Presented At The Ifsa Vii World Congress Berlin, Germany.
- SME Annual Report 2006 (2007), Potential growth areas for SMEs. National SME Development Council, Kuala Lumpur.