

## **Halal logo and consumers' confidence: What are the important factors?**

(Logo Halal dan keyakinan pengguna: Apakah faktor penting?)

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Key words: Halal logo, food products, consumers, confidence, factor analysis

### **Abstract**

The food consumed by Muslims must meet the Islamic dietary code called Halal. Halal is an Arabic word meaning lawful or permitted. Muslim consumers are found to be very concerned about the Halalness of the foods they consume. The recent Halal food crises and its diffusion through the media in Malaysia had as consequence, in general, reduced public confidence, and of the Muslims in particular, in the products that they purchase. The lack of enforcement in the monitoring of the Halal food products has caused consumers to query the validity on the products or services claiming to be Halal. These public outcries have triggered the interest of researchers to study the level of confidence on the Halal food products and the logo which is associated with it. This paper aims to assess consumers' confidence relating to Halal logo on food products and the factors that can help to enhance the level of confidence among the Muslim consumers in Malaysia. A total 600 respondents were interviewed via structured questionnaires to gather information on their level of confidence and purchasing behaviour towards food products with Halal logo. Factor analysis was used to determine the factors which influenced consumers' confidence towards Halal food. The results indicate that socio-economic variables play an important role when explaining consumer behaviour. The underlying factors contributing to confidence are those related to safety and government involvement, as well as degree of awareness, trustworthy and manufacturing practice. These factors were found to be the major factors determining Malaysian consumers' confidence on Halal logo of food products.

### **Introduction**

Islam preaches a systematic way of life and comes with comprehensive standards and guidelines to be adhered to by Muslims. One of these standards is the concept of Halal, an Arabic word which means lawful or permitted for Muslims. Halal refers to a code of conduct which is permitted by Syariah (Syariah is the Arabic meaning for the code of life or law which regulates all aspects of a Muslim life) and it applies

to every activity carried out by a Muslim. When used in relation to the economy, it refers to business conducted in a manner deemed permissible in Islam. When used in relation to food, it refers to food which is in compliance with the laws of Islam.

The Malaysian government has long recognized the importance of Halal and has established mechanisms to secure the confidence of Muslim consumers in certifying products, food producers,

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abattoirs/slaughterhouses and food premises. Several legislations were enacted for the protection of consumers of Halal products. In 1982, the Malaysian government established a 'Committee on Evaluation of Food, Drinks and Goods utilized by Muslims' (Committee) under the Islamic Affairs Division of the Prime Minister's Department (Division) which is now known as the Department of Islamic Development Malaysia (JAKIM 2007). The main task of the Committee was to check and instil Halal awareness among food producers, distributors and importers and the Division is also responsible for the issuance of Halal certificates.

In 2003, the 'Technical Committee on Developing Malaysia as the Regional Hub For Halal Products' was set up and chaired by the Ministry of International Trade and Industry (MITI 2007) to stimulate the growth of the Halal food industry and to make Malaysia a Halal Hub by 2010. The Malaysian Industrial Development Authority (MIDA), a government agency under the purview of MITI, issued the Guidelines for Application of Incentives for Production of Halal Food. Under these guidelines, companies that produce Halal food are given Investment Tax Allowance of 100% of qualifying capital expenditure incurred within a period of 15 years. Such allowance may be set-off against 100% of the statutory income in each year of assessment. Companies that are eligible for such incentives are new companies undertaking Halal food production, existing companies diversifying into Halal food production and existing Halal food companies undertaking upgrading/expansion of existing plants (MITI 2007).

The Malaysian government has since announced the establishment of the Halal Industry Development Corporation (HIDC) to spearhead the development of the Halal industry in Malaysia and the international market. HIDC will lead in the development of Halal standards as well as audit and verification procedures, in order to protect

the integrity of Halal besides directing and coordinating the development of Malaysia's Halal industry among all stakeholders. In March 2006, the Malaysian Prime Minister announced that all state governments in Malaysia are to use the standard Halal logo issued by JAKIM thus making the logo the national Halal logo of Malaysia. Previously, state governments in Malaysia were allowed to use their own 'Halal' logo.

### **The Halal concept**

Religion is a system of beliefs and practices by which groups of people interpret and respond to what they feel are supernatural and sacred (Johnston 1975). Most religions prescribe or prohibit certain behaviour including consumption of food. Schiffman and Kanuk (1997) assert that members of different religious groups are likely to make purchase decisions which are influenced by their religious identity. Such a phenomenon is widely acknowledged in international business and marketing strategies.

As Muslim consumers become more knowledgeable of their religion, it is inevitable that they will be more discriminating on the type of products and services that they consume or use (Temizhan et al. 2000). In addition, as consumers become increasingly more sophisticated in their dietary and health-related issues, the relevance of informative labelling and the belief in the right to be adequately informed will strengthen.

The foods consumed by Muslims must be Halal and Muslim consumers are found to be very particular and sensitive about the Halalness of the foods they consume. They believe that the Halal issue is not just the logo that is being used by the food producers, but it is the total quality control measures involved in the monitoring of the slaughtering, handling, and storage processes as well as all the ingredients used in processing the food products. The Malaysian food market, in general, and the Muslim market, in particular, has suffered from several food scares, the most recent being

the non-Halal bakery oil scandals. Under the full glare of media attention, consumer Halal concerns erupted causing widespread alarm (as reported in *Malay Mail*, 14 Sept. 2006).

Consumers are therefore more concerned about the Halalness<sup>1</sup> of food, desiring more transparency in the production process and distribution channels, and with adverse publicity they can easily lose their trust in Halal food products. Several food-related lawsuits have made media headlines recently. High 5 stated that the bakery products were cooked in 100% Halal oil which in fact originated from Israel or Germany, which was doubtful for its Halalness (as reported in *Malay Mail*, 14 Sept. 2006). Dingdings poultry was also sued for not ensuring that its products were Halal, and this suit was settled for RM100 million (as reported in *New Straits Times*, 20 Jan. 2006).

Halal has now become a universal concept. Halal stands not only for just and fair business transactions but also for animal welfare, social justice and sustainable environment. It is no longer a concept confined or restricted to the slaughtering of animals for the consumption of Muslims but encompasses products and services of the highest quality that meet the increasing awareness and needs of all consumers in a demanding global market. In the case of Halal labelled foods in Malaysia, some of the questions to be resolved are: a) Can consumers trust the Halal food products? b) Are the Halal claims made by the manufacturers reliable? and c) Do consumers rely on Halal logo as an indicator of Halalness food products when purchasing them in the market place?

Given the questions above, this study intended to explore the underlying factors influencing consumer perceptions and attitudes towards purchasing Halal food products. This study therefore attempted to

assess consumers' confidence on Halal logo on food products in Malaysia. Specifically, it covered consumers' level of concern about Halal food issues, their views on the Halalness of the food products, as well as the role of logo and information on the food purchasing habits.

### **Methodology**

Consumer behaviour is a very complex phenomenon which is determined by emotions, motives and attitudes (Alvensleben 1997). The attitudes and beliefs play a fundamental role in consumer behavioural field, because these determine one's disposition to respond positively or negatively to an institution, person, event, object or product (Ajzen 1989; Ajzen and Fishbein 1997). However, the relations between motives/beliefs and consumer behaviour are not unilateral. Consumption leads to experience perception about a product which later on develops into attitudes. The attitudes of consumers purchasing Halal labelled food products are made up of the beliefs they accumulate over their lifetime.

This study used data collected from a survey which was conducted in November and October, 2007, in the Klang Valley, Selangor. A total of 600 respondents were interviewed. Questions asked were confidence, perceptions and attitudes towards Halal food, awareness and reasons for using Halal logo. A Likert scale of 1 to 5 (1 representing absolutely no confidence and 5 representing absolute confidence) was used to measure consumers' confidence on 18 statements formulated in relation to Halal manufactured food products, Halal logo and Halalness of the food products issues. Consumers' demographic and socio-economic backgrounds were also collected. A random sampling method was used. The survey was done in a few supermarkets in

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<sup>1</sup>Halalness. We used the word Halalness to indicate the product is Halal and is being processed according to the Muslim code of conduct. For example, poultry is Halal animal that can be eaten. However, if it is not being slaughtered as stated in the Muslim code of conduct, then it becomes non-Halal (haram).

Klang Valley as consumers from all walks of life get their supply of manufactured good there.

Both descriptive and factor analyses were used to analyse the information gathered from the questionnaires. Descriptive analysis was used to analyse respondents' demographic and socio-economic profiles while factor analysis is a statistical technique whose common objective is to indicate the underlying factors that might influence consumers' confidence in Halal logo and related issues on Halalness of the food products.

The factor analysis was conducted using the principal component method. Relevant factors were extracted by varimax method. The criterion for the number of factors to be extracted was that the eigenvalue of each factor had to be equal or greater than one.

## Results and discussion

### *Demographic profile of the respondent*

Two-thirds of the respondents were urbanites while the rest lived in the suburban areas of the Klang Valley (*Table 1*). About 51% of the respondents were female. More than half of the respondents (74%) claimed that they were very religious while only 3% categorized themselves as not religious. More than half of the respondents (54%) were married and a majority of them (52%) were between 26–40 years old. Most of the respondents (68.2%) had tertiary education level, with a majority working in various positions in the government sector (36%) and private sector (45%). About 40% of the respondents had income between RM1,501–RM3,000 per month, and 26% earned RM1,500 and below, while 10.3% had income above RM6,000 per month.

The relationship between the consumers' confidence level and attitude was also measured by posing five questions about Halal logo and the level of confidence (*Table 2*). The results indicate that approximately 67.7% of the consumers claimed that they trusted JAKIM's Halal

Table 1. Demographic profile of respondents (n = 600)

	Percentage
Residential area	
Urban	69.0
Suburb/Rural	31.0
Gender	
Female	50.8
Male	49.2
Religiosity	
Very religious	74.2
Religious	7.8
Somewhat religious	14.7
Not religious	3.3
Education level	
Never been to school	1.3
Primary school	7.0
Secondary school	23.5
Tertiary	68.2
Marital status	
Single	43.7
Married	54.2
Widow	2.1
Occupation	
Government servant	36.5
Private sector	45.0
Self-employed	6.0
Student	9.8
Others	2.7
Age	
Below 25	13.8
26–40	52.0
41–60	26.8
Above 60	7.4
Income	
Below RM1,500	26.3
RM1,501–RM3,000	40.3
RM3,001–RM4,500	13.7
RM4,501–RM6,000	9.4
Above RM6,000	10.3

logo. Approximately 40% of them always make sure of the presence of the JAKIM's Halal logo on food products while 20.0% often looked for it. About 12.5% of the respondents sometimes checked on the JAKIM's Halal logo, 13.7% looked for it once in a while and lastly 13.8% never bothered to check on the presence of the

Table 2. Consumers' confidence and several characteristics of consumers' attitudes towards Halal logo (n = 600)

	Percentage
JAKIM's Halal logo is trustworthy	
Yes	67.7
No	32.3
Using JAKIM's Halal logo during purchase of food products	
Always	40.0
Often	20.0
Sometimes	12.5
Rarely	13.7
Never	13.80
All kinds of Halal logos are trustworthy	
Yes	22.3
No	77.7
Consumers' confidence on JAKIM's Halal logo	
Always	14.0
Often	35.0
Sometimes	34.0
Rarely	9.0
Never	8.0
Referring list of ingredients to ensure of Halalness	
Yes	70.5
No	29.5

JAKIM's Halal logo on food products. About 77.7% of the respondents indicated that apart from JAKIM Halal logo, other Halal logos from different countries are not trustworthy. This shows that majority of the respondents are able to differentiate JAKIM's Halal logo from other Halal logos.

The frequency analysis on respondents was also done to gauge the level of confidence on JAKIM's Halal logo. Only 14% of respondents always have confidence on JAKIM's Halal logo, while majority (35%) often have confidence on JAKIM's logos (Table 2). Only 8% never have any confidence in JAKIM's Halal logos displayed by the food manufacturers on a product. Thus, the result indicates that some respondents are doubtful about JAKIM's Halal logo. Meanwhile the majority of respondents (70.5%) indicated that after seeing Halal logo, they then checked on the

list of ingredients to ensure the Halalness of the food product.

From the above discussion, one can conclude that, JAKIM's Halal logo alone is not the sole determining factor to ensure consumers' confidence on the Halalness of the food products. List of ingredients remain the major source of information in determining the Halalness of a food product. On the other hand, only 60% of the respondents do refer to Halal logo during purchasing of food products. The results also shows that majority of the respondents are skeptical about JAKIM's Halal logo and do not solely rely on the logo in determining the Halalness of manufactured food products.

### Dimensions of public confidence on Halal logo

As indicated earlier, factor analysis was used to uncover the latent factors underlying consumers' confidence in Halal logo. There were 18 statements that were related to issues on Halal logo.

Bartlett's test of sphericity and Kaiser-Meyer-Olkin (KMO) test of sampling adequacy were initially performed on the statements to confirm the appropriateness of conducting factor analysis (Tabachnick and Fidell 2001). KMO test for the set of predetermined variables reached values of at least 0.901 (Table 3) which indicate sampling adequacy and factor analysis can be carried out using the 18 statements stated earlier.

The factor loadings from the principal component factor analysis obtained after a varimax rotation of consumers' responses to the 18 statements relating to their views about consumers' confidence and attitudes towards Halal logo on food products are presented in Table 4. The analysis identifies six latent factors influencing Malaysian opinions about Halal label on food products (Appendix 1).

Table 3. Kaiser-Meyer-Olkin (KMO) and Bartlett's test

Kaiser-Meyer-Olkin measure of sampling adequacy	0.901
Bartlett's test of sphericity	2084.250
Significance	0.000

The Bartlett's test for sphericity showed that the correlation matrix was at an appropriate level to perform factor analysis on the data for each scale, with all scales reaching a significance level of  $p < 0.000$ . The KMO measure provides a value between 0 and 1. Small values for the KMO indicate that a factor analysis of the variables may not be appropriate, since the correlations between variables cannot be explained by the other variables (Norusis 1993). Values higher than 0.6 are considered satisfactory for factor analysis

Table 4. The results of reliability test

Factor	Cronbach Alpha scores	Number of items
1. Confidence on Halal logo	0.8913	5
2. Food safety and health conscious	0.8597	4
3. Government involvement	0.8303	2
4. Degree of awareness	0.7652	2
5. Trustworthy	0.7435	3
6. Manufacturing practice	0.6582	2

These six factors, which account for about 65.038% of the total variance, are summarized as follows:

### 1. Confidence on Halal logo

This factor consists of five sub-variables and has a total variance of 17%: *I always check Halal logo on the package during food purchasing* has the highest factor loading (0.857). This is followed by *I am confident with Halal logo and it helps me to choose products based on my belief* (0.787), *I am confident with Halal logo food product because they are being processed in Islamic code of conduct* (0.737), *less confidence on country of origin makes me check the ingredients*

(0.731) and *having full confidence with Halal logo and my mind is at rest* (0.645). The result of this factor suggests that consumers pay attention to Halal logo from different aspects and they are generally positive towards Halal logo on food products.

### 2. Food safety and health conscious

This factor has a total variance of 11.69% and comprises four sub-variables: *Halal food are safer to be consumed* got the highest factor loading (0.781). This is followed by *make healthier choice by purchasing Halal food* (0.706), *Halal logo shows that the products are clean and safe to be consumed* (0.621) and *Halal logo is the most convincing logo relating to food safety* (0.605). The results indicate that apart from the religion obligation of consuming Halal food, consumers are aware of the underlying advantages that come with Halal products.

### 3. Government involvement

This factor has a total variance of 10.086% and comprises two sub-variables: *Under government control, all kinds of Halal logos are trustable*, (0.669), followed by *government needs to regulate the food manufacturers in terms of using Halal ingredients and additives* (0.636). The results show that consumers want government to play important roles in ensuring that Halal logo on food products can be trusted and truthful, and they are more confident in the products that have been approved by the government.

### 4. Degree of awareness

This factor has a variance of 9.854% and comprises two sub-variables: *Religious knowledge* has the highest factor loading (0.813) followed by *increasing awareness towards Halal food products compared to 10 years ago* (0.624). For most food products in the

market, the awareness among consumers could be a major determinant factor in purchasing decision process. The results present a fairly strong influence in the consumers' decision making process.

### 5. Trustworthy

This factor has a total variance of 8.137%: *Brand name indicates the Halalness of a food product* has the highest loading factor (0.786). This is followed by *all kinds of Halal logos are trustworthy* (0.729) and *Halalness is more ensured in local products* (0.671). Consumer trust on what has been claimed on the food package should be one of the main concerns of the food manufacturers. Once the Halal logo does not conform to what has been claimed on the product, then the product will be perceived as not trustable and this will have a negative impact on consumers' purchasing behaviour.

### 6. Manufacturing practice

This factor has a total variance of 4.171% and comprises two sub-variables: *Good manufacturing practices* has the highest factor loading, followed by *good hygienic practices*. However, Halal logo itself does not indicate good manufacturing practice neither good hygienic practice but majority of the respondents believe that it is a way to promote the sanitary and hygienic aspects of manufactured food products.

The reliability of the resulting factors was tested by Cronbach's Alpha score and the results indicate that the six latent factors that have been identified have sufficient internal reliability consistency (Table 4). Thus, there is consistency between the multiple factors in factor analysis and the result is reliable in explaining the factors that influence respondents' perception towards Halal logo and what are the factors that could enhance the level of confidence among the respondents (Appendix 1).

### Conclusion

The results of this study suggest that respondents were aware about the significance of the JAKIM's Halal logo on food products. Even though it is shown that consumers react more positively to JAKIM's Halal food with local JAKIM's Halal logo, there is still enough evidence to support that consumers are more careful in evaluating the Halalness of all kinds of food products by referring to the list of ingredients. This could be due to the fact that consumers do not have full confidence on JAKIM's Halal logo. Thus the best next thing to do is to check on the ingredients listed on the food package. Respondents were able to distinguish between Malaysian Halal logo and the rest regardless of the presence of products' brand on the food packaging.

The factor analysis on the other hand indicates factors that could influence respondent's confidence on JAKIM'S Halal logo and the significant role of Halal logo in ensuring the halalness of a food product. Government involvement (JAKIM) to ascertain that the product is Halal is an important factor in convincing the public the Halalness of the food products with Halal logo. Other factors such as religious knowledge and awareness about Halal food, good manufacturing and hygienic practices by the food manufacturers will also bring about trustworthiness on food products with Halal logo.

Therefore, government involvement (JAKIM) in regulating and monitoring the Halal logo used on food products by the food manufacturers is an important factor in convincing the consumers its Halalness. Thus JAKIM has to play a bigger role in ensuring the authenticity of the Halal logo used especially on food products produced by non-Muslim manufacturers. Hence monitoring and educating food manufacturer about Halal practices is very crucial. The good manufacturing practices (GMP) and HACCAP certification to the food manufacturer together with Halal certification could enhance consumers'

confidence on Halal logo used by food manufacturers. The same goes to Malaysian consumers. Since Malaysia is a multiracial, cultural and religious society, the non-Muslim also need to be made aware of the concept of Halal and Halalness as it is a very important issue to the Muslim.

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## Abstrak

Makanan untuk orang Islam mesti memenuhi kod diet secara Islam yang biasa disebut sebagai Halal. Halal merupakan perkataan dalam bahasa Arab yang bermaksud memenuhi hukum atau yang dibenarkan penggunaannya. Pengguna Islam amat prihatin berkaitan kehalalan makanan yang dimakan. Krisis makanan halal yang terbaru dan penyebarannya yang meluas melalui media di negara kita telah mendorong kepada pengurangan keyakinan orang ramai terutamanya yang beragama Islam setiap kali mereka membeli produk yang dimakan atau dipakai. Kekurangan penguatkuasaan dalam pemantauan produk makanan halal telah menyebabkan pengguna ingin tahu lebih lanjut kesahihan produk atau perkhidmatan yang didakwa sebagai halal. Perihal ini telah mengundang minat para penyelidik untuk mengkaji tahap keyakinan terhadap makanan halal dan logo yang berkaitan. Artikel ini bertujuan untuk menilai keyakinan pengguna dan faktor-faktor yang boleh membantu meningkatkan keyakinan di kalangan pengguna Islam di negara kita. Sejumlah 600 responden telah ditemui melalui soal selidik yang berstruktur untuk mendapatkan maklumat berhubung tahap keyakinan dan amalan pembelian ke arah produk makanan bersama logo halal. Keputusan kajian ini menunjukkan yang variasi sosio-ekonomi memainkan peranan yang penting dalam membahaskan perlakuan pengguna. Faktor yang lebih memberi kesan kepada keyakinan ialah yang berkaitan keselamatan dan penglibatan pihak kerajaan, tahap kesedaran, kepercayaan dan amalan pembuatan. Faktor ini didapati merupakan faktor utama yang memerlukan keyakinan pengguna Malaysia kepada logo halal pada produk makanan.



## Appendix 1. Summary of factor analysis results

	Factor loading					
	F1	F2	F3	F4	F5	F6
<b>Confidence on Halal logo</b>						
• I always check Halal logo	0.857					
• I am confident with Halal logo	0.787					
• I am confident with Halal logo food product because they are being processed in Islamic code of conduct	0.737					
• Less confidence on country of origin makes me check ingredients	0.731					
• Full confidence with Halal logo and my mind is at rest	0.645					
Variance (per cent of explained)	17.443					
<b>Food safety and health conscious</b>						
• Halal food are safer to be consumed		0.781				
• Make healthier choice by purchasing Halal food		0.706				
• Halal logo shows the hygienic process		0.621				
• Halal logo is the most convincing logo relating to food safety		0.605				
Variance (per cent of explained)		11.695				
<b>Government involvement</b>						
• Under government control all logos are trustable		0.669				
• Government needs to regulate the food manufacturers in terms of using Halal ingredients and additives			0.636			
Variance (per cent of explained)			10.086			
<b>Degree of awareness</b>						
• Religious knowledge				0.813		
• Awareness of Halal food compared to 10 years ago				0.624		
Variance (per cent of explained)				9.854		
<b>Trustworthy</b>						
• Products' brand name indicates the Halalness of a product					0.786	
• All kinds of Halal logos are trustworthy					0.729	
• Halalness is more ensured in local products					0.671	
• Variance (per cent of explained)					8.137	
<b>Manufacturing practices</b>						
• Good manufacturing practice						0.612
• Good hygienic practice						0.612
Variance (per cent of explained)						4.171
Total percentage of variance: 65.038						