

LETTER OF SUPERVISOR CONFIRMATION

I/We, hereby declare that have read this thesis and in my/ our thesis is sufficient in terms of scope and quality. This project paper is submitted to Universiti Teknikal Malaysia Melaka as a requirement for completion and reward of Degree Bachelor of Technology Management (Technopreneuership)

Signature : _____

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**HALAL LOGO: MELAKA SMALL MEDIUM ENTERPRISE FOOD AND
BEVERAGE INDUSTRY ENTERPRISE PERFORMANCES**


NOR AZIZAH BINTI ISMAIL

FACULTY TECHNOLOGY MANAGEMENT AND TECHNOPRENUERSHIP

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DECLARATION OF ORIGINAL WORK

"I hereby declare that this project paper is result of my independent work except the summary and experts that have been specifically acknowledgement"

Signature : 
Name : Nor Azizah Binti Ismail
Date :

DEDICATION

I would like to dedicate the appreciation for my beloved families, lecturers and friends.

ACKNOWLEDGEMENT

Praise to ALLAH S.W.T, I am giving my appreciation to almighty the most gracious and most merciful, fortunately I have done my “Projek Sarjana Muda” which is compulsory project as fourth year student in Universiti Teknikal Malaysia Melaka (UTeM).

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ABSTRACT

This research is aim to guide Halal SMEs Food and Beverage Industry in Melaka to enhance their enterprised performances. This research is targeted to determine the significance of Halal logo in influencing customer to purchase and to determine the significance of Halal logo in affecting enterprised performances. There are three independent variable that was discussed in this research, which are the use of Halal logo in product packaging, marketing product with Halal logo and the influences of supported agencies in encouraging the use of Halal logo in product packaging. This descriptive research using the quantitative method to analyse the data obtained. The result showed that an applying of Halal logo in product packaging give positive impact to the Melaka Small Medium Enterprise (SME's) food and beverage enterprised performances. As a conclusion, the use of Halal logo in product packaging should be strongly practiced by all entrepreneurs especially in food and beverage industry.

Keywords: Halal SMEs Food and Beverage Industry in Melaka, enterprised performances, product packaging, influences supported agencies, descriptive research, quantitative method.

ABSTRAK

Tujuan kajian ini adalah sebagai panduan bagi Industri Kecil dan Sederhana kawasan Melaka bagi meningkatkan pencapaian syarikat mereka. Kajian ini bertujuan untuk mengenalpasti kepentingan logo Halal dalam mempengaruhi pelanggan untuk membeli dan mengenalpasti kepentingannya dalam meningkatkan pencapaian syarikat. Terdapat tiga faktor yang dikaji di dalam kajian ini iaitu penggunaan logo Halal di pembungkusan produk, pemasaran produk yang mempunyai logo Halal dan pengaruh agensi sokongan dalam mengalakkan penggunaan logo Halal di pembungkusan barang. Kajian diskriptif ini menggunakan kaedah kuantitatif bagi menganalisa data yang diperolehi. Keputusan kajian mendapati penggunaan logo Halal di pembungkusan produk sangat membantu dalam meningkatkan pencapaian syarikat Industri Kecil dan Sederhana di Melaka. Kesimpulannya, semua usahawan terutamanya usahawan yang terlibat di dalam bidang pemprosesan makanan dan minuman perlu mempraktikkan penggunaan logo Halal di pembungkusan produk bagi meningkatkan pencapaian syarikat mereka.

Kata kunci : Halal Industri Kecil dan Sederhana di Melaka, pencapaian syarikat, strategi pemasaran, pembungkusan produk, sokongan agensi berkaitan, kajian diskriptif, cara kuantitatif.

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LIST OF SYMBOLS

%	= Percentage
B	= Beta value

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CHAPTER 1

INTRODUCTION

1.1 Background of The Study

In his study of Islamism in Contemporary Malaysia, Liow (2009) had found out that the today market for Halal products in ASEAN countries is estimate over US\$46 billion per year. According Halal Industry Development Corporation (2013) on 2010, Muslim population in worldwide is 1.8 billion forecasted to grow at twice the rate by 2030 representing 27% of global population. Omar and Jaafar (2011) had add up that the Halal food market value for more than USD600 billion and market population is more than 1.5 billion people while Minkus-McKenna (2007) stated that 70% of the Muslim market had follows the Halal Standard.

Referring to Ng (2011), Halal food industry was the important export industry in Malaysia and Malaysia had plans to maintain the level of Halal product export in 2013, valued approximately RM35.4 billion. As reported by The Star Online (2012), Halal industry had set a target for 10%-15% growth in exports industry that equivalentents to RM30 billion to RM33 billion.

Under the 9Malaysia Plan and IMP3, the key of performances areas for SMEs in Malaysia had been identified. These key of performances is developed as an effort to develop and promote Malaysia Halal product widely. Based on the Malaysia Halal Industry Master Plan, year of 2011 until 2015 Halal Master Plan

aim to establish Malaysia as preferred location for Halal business while on the year of 2016 until 2020 target to broaden geographic footprint of home grown companies.

According to Business Opportunities in Halal Industry Conference (2012), trends of Malaysia's Export in Halal Product to OIC had increase 3% from 6% in 2010 to 9% in 2011. Bernama (2010) reported that starting from 2011, Malaysia Halal industry had moving into the second phase which targeted on establishment of Malaysia as preferred location for Halal business.

Referring to Utusan (2013), Ministry of International Trade and Industry had put target that on 2013, RM100 billion of Halal product will be exported.

According to Datuk Ir. Hamim Samuri, Deputy Minister of International Trade and Industry, the ministry will continue to assist local entrepreneurs in the Halal products meet export requirements to achieve the target of RM100 billion export Halal year and he believe that the number could be achieved in 2017.

A number of studies have found that, SMEs have to penetrate the Halal market in order for them to gain all benefit from the potential of Halal hub. According to Mohammad Noorizudin et al. (2007), an IMP3 (2006) had shows that 80% of the total number of corporations in the food processing industry is dominated by the SMEs and Multinational Corporations.

1.2 Problem Statement

In her review of Business Network in Halal Food Industries in Malaysia, Noraini (2013) stated that Malaysia is a Muslim country that had strong and stable politic status and it has big opportunity to establish itself as a regional and global hub for Halal production logistic and trade. Besides that, according to CEO of Halal Industry Development Corporation Malaysia (HDC), the current Halal market industry is dominated by countries such as Australia, Thailand and Brazil. There is only fews Muslim country that involve in it.

Asyraf (2011) stressed that, based on his research in “Knowledge of Halal Food Amongst Food Industry Entrepreneurs in Malaysia” shows that almost food industries entrepreneurs in Malaysia had understand the Halal concept in Islam.

Referring to Indriaty Ismail (2013), generally Halal logo and certification system develop for Malaysia Muslim to help those makes choice without doubt. Unfortunately, after being introduced a year, their acceptance are unexpected. The word Halal now is not only for Muslim. The Chinese people who lead the business in Malaysia start open their eyes towards the important of Halal logo and demanding for Halal logo at their product even though they are not Muslim. For the purpose of business, there are irresponsible party exploit by putting Halal logo on all items no matter what kind of products marketed. This phenomenon was worried and makes Muslim confuse and Haram logo was introduced.

Thus research is carried out to identify the effect of Halal logo for SME Food and Beverage industry especially in Melaka towards their enterprise performances.

1.3 Objective of the study

The specific objectives of this study are shown as follows:

1. To determine the effect of applying Halal logo in Melaka Small Medium Enterprise (SME's) enterprise performances.
2. To determine the effect of marketing product with Halal logo in product packaging.
3. To determine the influence of supported agencies in encouraging the use of Halal logo in product packaging

1.4 Flow of The Study

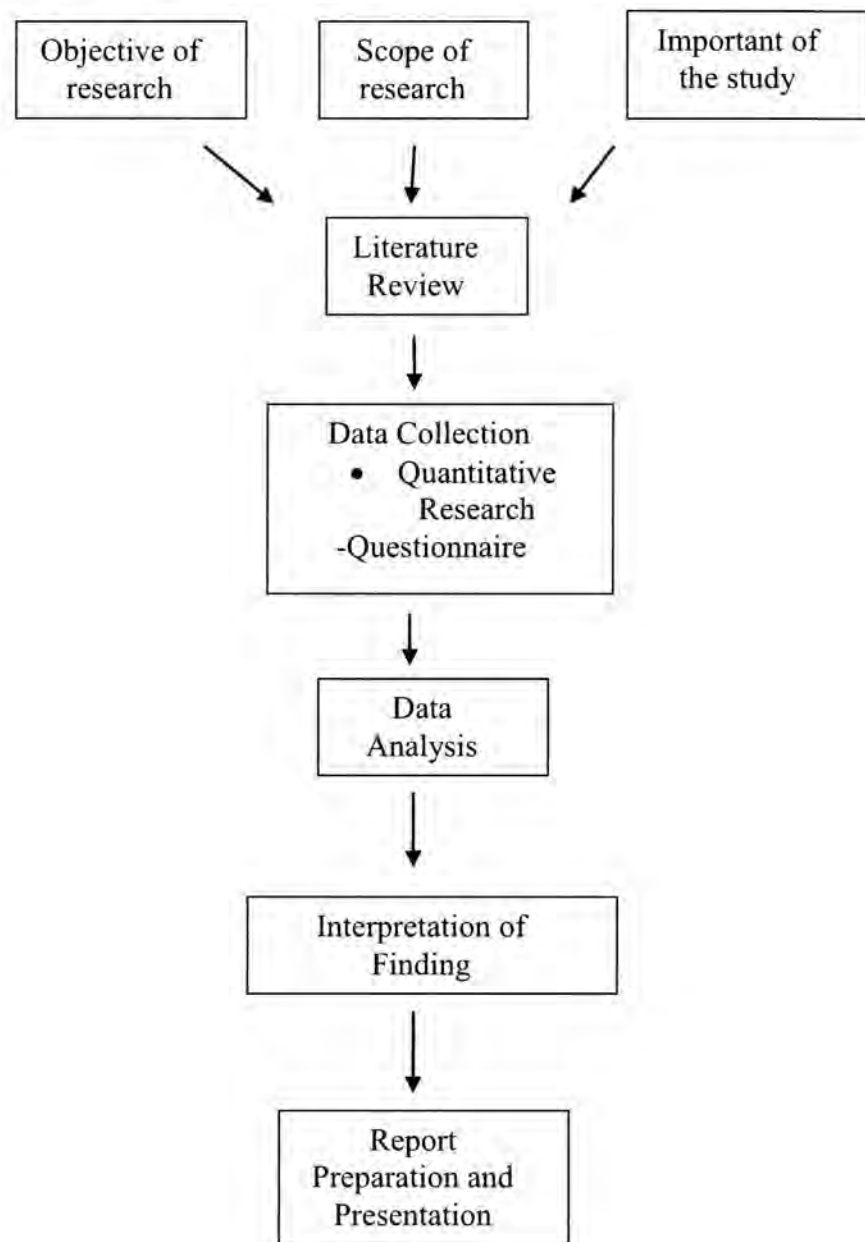


Figure 1.1: The Flow of the Study

1.5 Scope of The Study

The scope of this study involves the feedback from the entrepreneur in Halal SME Food and Beverage industry around Melaka. The 150 respondent had been identified to answer the questionnaire related for this research.

1.6 Summary

The overall overview of this chapter was covered the background of the study that shown development of Halal food industry in Malaysia. The problem statement identified the reason of this research. The overall overview is followed by the objective of this research which states the related variable for this research. After that, it discusses the scope of the study which is focused on the region for this research. Lastly, the researcher should be concern about the limitations of the study which can affect the research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

In this chapter, the researcher provides the whole of the study in describing the literature as a main source. This chapter also consists of the relevant statement and related written sources such as journals and articles by a lot of philosophies that support the research in strengthen the argument given. It is very important to the researcher to emphasize and assert the topic in order to come up with solid and strong evidence unhesitatingly.

2.2 The Variables of the Study

According to Dagang Asia Net (2011) Malaysia had dynamics driving forces of global Halal food market which includes the growth in the Muslim population, increasing incomes in primary markets for Halal food, rising of demand for safe and high quality food in primary markets. Besides that, there are also increasing in demand towards the greater variety in primary markets. Moreover, the existing of Halal product that does not fulfil the Halal food production requirement had caused the demand towards the genuine Halal product increase.

Researcher	Variables	Model's name
Lada,2009,70(10)	Halal brand attitude, subjective norm	Selecting Halal products
Doace et al,2011, 26 (11)	Quality of products with Halal brand, Halal brand loyalty, awareness regarding Halal brand, Halal brand image, Halal brand associations, Halal purchase intention	Brand analysis model
Salman,2011,642 (12)	Religious beliefs, religious commitment of Halal brand, being Muslim	
Dehdashi et al,2011,69(14)	Confidence in Halal brands, Halal brands satisfaction, Continous commitment	Sweeney and Swait model
Karijin,B.2007:37 1(15)	The habit to purchase Halal products	Theory of planned behaviour for Halal meat consumption
Alam,2011,12(13)	Behavioral control	Halal purchase intention
Shaari,2010,458 (16)	Halal product, price of Halal product, promoting Halal product, distribution of Halal product, the process to issues Halal license.	Fishbone diagram of Halal purchase intention
	Flexibility of Halal brand	Brand equity model

Table 2.1: The Previous Research Done by Other Researchers

Thus, the above models are used as the guidelines to identify the longevity of Halal food and beverage industry in Melaka by focusing on the Halal logo practice on their packaging among them.

2.3 Small Medium Enterprise

Edmore Mohembe (2011) stated that the policy makers, economist and business experts agree that small and medium enterprise (SMEs) are the drivers forces of economic growth through which the growth objectives of developing countries can be achieved. The healthy SME sector contributes prominently to economy through creating more employment opportunities, generating higher production volumes, increasing exports introducing innovation and entrepreneurship skill.

Sector	Primary Agriculture	Manufacturing (including Agro Based) & MRS	Service Sector (including ICT)
Micro	Less 5 employees	Less 5 employees	Less 5 employees
Small	Between 5 and 19 employees	Between 5 and 50 employees	Between 5 and 19 employees
Medium	Between 20 and 50 employees	Between 51 and 150 employees	Between 20 and 50 employees

Table 2.2 : SMEs Definition Based on Number of Full-time Employees