

## **APPROVAL AND DECLARATION**

“I hereby declare that I have checked this project/thesis and in my opinion, this report is adequate in terms of scope and quality for the award of the degree of Bachelor of Technopreneurship (Honours)”

Signature: .....

Supervisor Name: DR. NURUL ZARIRAH BINTI NIZAM

Date: 21 JUNE 2019

Signature: .....

Supervisor Name: DR. ISMA ADDI BIN JUMBRI

Date: 21 JUNE 2019

SUSTANABILITY AND FUTURE CHALLENGES OF HALAL PRODUCT  
CONSUMPTION

AHMAD ZAKWAN ZARIF BIN ROSLAN

Submitted in Partial Fulfilment of the Requirement of the Degree for the Bachelor of  
Technopreneurship (Honour)

Faculty of Technology Management & Technopreneurship

Universiti Teknikal Malaysia Melaka

## DECLARATION

“I hereby declare that the work of this exercise is mine except for the quotations and summarize that have been duly acknowledge”

Signature: .....

Name: AHMAD ZAKWAN ZARIF BIN ROSLAN

Date: 21 JUNE 2019

## **DEDICATION**

I dedicate this research to my beloved father Roslan Bin Ali, mother Nor Mazidah Binti Hj. Yacob and sister Nurul Syafikah Binti Roslan. Thank you for raising me with affection and love and always support me from beginning until now. A special thanks to my supervisor Dr Nurul Zarirah Binti Nizam, panels and my friend for helping me throughout the project towards accomplishing my thesis.

## ACKNOWLEDGEMENT

Bismillahirrahmanirrahim,

Alhamdulillah, Thanks to Allah SWT, with His willing giving me the opportunity and strength to complete this Final Year Project. I would like to express my greatest thankfulness to the most precious persons in my life who is my father, mother and sister for all the effort they put to raise me with full love, caring and happy to see me be successful person in my life. Without them, I am nothing and I would like to extent my thanks for their moral and financial support.

First and foremost, I would like to express my sincere gratitude and appreciation to my respectable supervisor, Dr. Nurul Zarirah Binti Nizam. The supervision and the support she gave truly help the progression and smoothness of my research. Besides that, special thanks to my supervisor for the continuous support, motivation, patience and immense knowledge. By her guidance I am able to finish my research by time. Then, I would like to thank to my respectable panel Dr. Isma Addi Bin Jumbri for being supportive to my research. I hope this report will serve as a reference for other students later.

## **ABSTRACT**

Halal businesses involving goods and services are experiencing an amazing growth. The Halal industry has become a lucrative industry contributing to an exceptional business opportunity for the industry players and entrepreneurs. Despite its great potential, especially its huge market covering local and international markets, the various challenges faced by the local industry has limit their performance on serving the halal market. Due to this constraint, consumers have misperception on the halal products availability in the market. Therefore, this study aims to review the consumers' challenges and concern, particularly in consuming halal products. The survey through questionnaire was conducted by the researcher to collect respondent answer and the data collected was analysed by quantitative research method. A total 150 questionnaires were coded and analysed with statistical techniques. This research contributes to an understanding of how consumers look upon the sustainability of Halal product consumption.



## TABLE OF CONTENT

<b>CHAPTER</b>	<b>CONTENT</b>	<b>PAGES</b>
	<b>DECLARATION OF ORIGINAL WORK</b>	ii
	<b>DEDICATION</b>	iii
	<b>ACKNOWLEDGEMENT</b>	iv
	<b>ABSTRACT</b>	v
	<b>TABLE OF CONTENT</b>	vi
	<b>LIST OF TABLES</b>	x
	<b>LIST OF FIGURES</b>	xii
	<b>LIST IF SYMBOLS</b>	xiii
	<b>LIST OF APPENDICES</b>	xiv
<b>CHAPTER 1</b>	<b>INTRODUCTION</b>	
	1.0 Introduction	1
	1.1 Background of Study	1
	1.2 Problem Statement	3
	1.3 Research Questions	4
	1.4 Research Objectives	4
	1.5 Scope of study	5
	1.6 Limitation of Study	5
	1.7 Summary	6



**CHAPTER 2****LITERATURE REVIEW**

2.0 Introduction	7
2.1 Definition of Halal	7
2.1.1 Halal Industry	8
2.2 Definition of logo	8
2.2.1 Halal logo	9
2.3 Halal certification	10
2.4 Definition of sustainability	10
2.4.1 Sustainability and future challenge of Halal product consumption	11
2.5 Awareness toward Halal labelling	11
2.6 Halal literacy	12
2.7 Acceptance toward Islamic image	12
2.8 Product safety and quality	13
2.9 Conceptual framework	14
2.10 Hypothesis testing	15
2.11 Summary	16

**CHAPTER 3****RESEARCH METHODOLOGY**

3.0 Introduction	17
3.1 Research Design	17
3.2 Time horizon	18
3.3 Data collection	19
3.3.1 Primary data	19
3.3.2 Secondary data	20
3.4 Research location	20
3.5 Research strategy	21
3.6 Research Instrument	21
3.6.1 Questionnaire Design	22
3.7 Sampling Design	23

3.7.1 Sampling size	24
3.8 Pilot test	25
3.9 Data analysis	25
3.9.1 Statistical Package for Social Science	26
3.9.2 Pearson's Correlation Coefficient	26
Analysis	
3.9.1 Simple Regression Analysis	27
3.10 Reliability	27
3.11 Summary	28
<b>CHAPTER 4</b>	<b>DATA ANALYSIS</b>
4.0 Introduction	29
4.1 Pilot Test	30
4.1.1 Pilot Test Reliability Analysis	30
4.2 Descriptive Statistic on Demographic	31
4.2.1 Gender	32
4.2.2 Age	33
4.2.3 Education level	34
4.2.4 Religion	35
4.3 Reliability of research	36
4.4 Pearson's Correlation Analysis	38
4.5 Inferential Statistic for analysis	41
4.5.1 Simple Regression Analysis	41
4.6 Summary	49
<b>CHAPTER 5</b>	<b>CONCLUSION AND RECOMMENDATIONS</b>
5.0 Introduction	50
5.1 Discussion on respondent background	50
5.2 Discussion on Research Objectives	52
5.3 Recommendation	57

5.4 Limitation of study	58
5.5 Conclusion	59
<b>REFERENCES</b>	<b>60</b>
<b>APPENDICES</b>	<b>63</b>

**LIST OF TABLES**

<b>TABLES NO</b>	<b>TABLE TITLE</b>	<b>PAGE</b>
Table 3.1	Classification of Section in Questionnaire	22
Table 3.2	Likert-Type Scale	23
Table 3.3	Correlation coefficient range	27
Table 4.1	The Standard of Coefficient Alpha	30
Table 4.3	Gender	32
Table 4.4	Age	33
Table 4.5	Education level	34
Table 4.6	Religion	33
Table 4.7	Cronbach's Alpha Reliability Coefficient	35

Table 4.8	Pearson Correlation between the variables	39
Table 4.9	Model summary of Awareness toward Halal labelling	41
Table 4.10	ANOVA of Awareness toward Halal labelling	42
Table 4.11	Coefficient of Awareness toward Halal labelling	42
Table 4.12	Model summary of Halal literacy	43
Table 4.13	ANOVA of Halal literacy	44
Table 4.14	Coefficient of Halal literacy	44
Table 4.15	Model summary of Acceptance toward Islamic image	45
Table 4.16	ANOVA of Acceptance toward Islamic image	45
Table 4.17	Coefficient of Acceptance toward Islamic Image	46
Table 4.18	Model summary of Product safety and quality	47
Table 4.19	ANOVA of Product safety and quality	47
Table 4.20	Coefficient of Product safety and quality	49

**LIST OF FIGURES**

<b>FIGURE NO</b>	<b>FIGURE TITLE</b>	<b>PAGE</b>
Figure 2.1	Halal logo approved by JAKIM	9
Figure 2.2	Conceptual Framework	23
Figure 3.1	Sample size of a known population	24
Figure 3.2	The sample size of Krejcie and Morgan (1970)	25
Figure 4.1	Pie chart of respondent's gender	32
Figure 4.2	Bar chart of respondent's age	33
Figure 4.3	Pie chart of respondent's education level	34
Figure 4.4	Pie chart of respondent's religion	36

**LIST OF SYMBOLS**

$\alpha$	=	(Alpha) is the constant or intercept
%	=	Percent
>	=	Greater than
<	=	Less than
=	=	Equals

**LIST OF APPENDIX**

APPENDIX A	=	Survey Questionnaire
APPENDIX B	=	Gantt chart Final Year Project (Semester 7)
APPENDIX C	=	Gantt chart Final Year Project (Semester 8)



## **CHAPTER 1**

### **INTRODUCTION**

#### **1.0 Introduction**

This paper will be divided into five chapters. The first chapter will discuss about the introduction of this research which is about the sustainability of Halal product consumption and future challenge on Halal product consumption. It is consist of the Background of the Research, Problem Statements, Research Questions, Research Objectives, Scopes and Limitation of Research. For this chapter, the reader will have the idea of the key elements of why this research is conducted.

#### **1.1 Background of study**

Halal is an Arabic or Quranic terms that means allowed or permissible. Halal must be applied and practice to most of the aspect of Muslim life including transaction practices, muamalah, that relate to ibadah. Based on Mohani (2014) research define the principle of halal is an ongoing problem for Muslim consumption which complies to the prescribed model of values outlined in the Islamic Laws of Syariah, which includes the permissible and restricted. All food that are permitted for consumption under Islamic Law are considered Halal food. In 2007, global consumption of Halal

food in more than 148 countries reached as much as 18% to 20% of the US\$1.323 trillion in food value (Anonim, 2017). Muslim consumers must aware with the Halal logo and only consume Halal product from the market.

As reported by the Stated of The Global Islamic Economy Report in Thompson Reuters (2014) Halal food market is one of the largest consumer in the world. From The Pew Research Center (2011) show that the Muslim population will experience a growth from 1.6 billion people in 2010 to 2.2 billion people by 2030. According to State of the “Global Islamic Economy”, the Muslim consumer spending across halal food and lifestyle in 2014 was reported to be worth USD 1.8 trillion which is anticipated to increase to USD 2.6 trillion by 2020. This prove that in the future Halal food market will dominate the global food market as Muslim need to consume Halal product.

Not all Muslims will decide to purchase Halal goods at all times. While the person is the Muslim, it does not ensure that the behaviour will always be Islamic, particularly in the consumption of Halal product. According to Endang S Soesilowati (2009) Islamic sharia Philosophy and execution are based on individual learning and socialization, formal and informal schooling. Religious education experiences will also determine the quantity of customer behaviour awareness towards Halal product.

The result of this research on sustainability of Halal product consumption is expected to give valuable insight and knowledge regarding the future challenge on Halal product consumption , as well as to help the consumer to aware with the challenge on consuming Halal product in the future. The awareness of the consumer toward future challenge on Halal product consumption will help to sustain the Halal product in the future. It was interesting to study what are the main challenge of Halal product consumption in the future for the consumer to aware with. Furthermore, it will be valuable to discover which future challenge will affect more toward sustainability of Halal product itself.

## 1.2 Problem statement

The aim of this study to study factor influence the sustainability of Halal food consumption. At this level, consumers should be more worried as they are one of the important medium in the profitability of Halal industry product as there are future challenge of Halal product consumption. Based on Omar et al (2012) consuming Halal product is necessary and Halal logo is one of the important role in influencing consumer to buy Halal product. But, some Muslims in their daily lives are not too conscious about Halal. This cause the halal issue associated with the problem still exists to this day.

Other than that, the importance of this study is to determine the dominance factor influence the sustainability of Halal product consumption. The issue with halal problems is knowledge. This implies that Muslims sometimes lack awareness about halal, particularly based on products they buy, because of their actions or attitude that they do not want to learn the current or new knowledge or issues on halal issues. Although consumer have the Internet connection, television, radio and others, but their curiosity about Halal is very low. This is why they received the incorrect information or never received the Halal information right. For example, teenagers particularly like to browse other websites when surfing the Internet instead of going to beneficial websites like Jabatan Kemajuan Agama Islam Malaysia (JAKIM) or Halal to explore and get more and more comprehensive information about Halal.

Then, there are several future challenges that have been identified by researcher as, there are other illegal parties that produce uncertified Halal logo. Today, customers can be easily deluded with fake Halal logos. Based on Abdur Razzaque and Nosheen Chaudhry (2013), Halal logo can influence customers decision to buy Halal product even the consumer are do not aware of the legitimacy of the Halal logo. Cleanliness is important in production of Halal products. There are specific principles and guidelines that producer need to comply with the Islamic Sharia requirement when producing clean Halal products.

### **1.3 Research objective**

The main objective of this research is to study factor influence the sustainability of Halal product consumption. Therefore, the following are the primary purposes of this study:

- To study factor influence the sustainability of Halal product consumption
- To determine the dominance factor influence the sustainability of Halal product consumption
- To study future challenges of Halal product consumption

### **1.4 Research question**

In order to achieve the research objectives, the researcher need to construct research question as a guidelines to conduct this study. The following are the research question:

- What is the factor influence the sustainability of Halal product consumption?
- Which factor contribute the most toward sustainability of Halal product consumption?
- What is the future challenges of Halal product consumption?

## 1.5 Scope of study

This research is aimed to study the factor affecting the sustainability of consumption of Halal product. Researcher target area is in the Melaka. The target population for this research will then concentrate on Muslim and non-Muslim users at all ages consuming or purchasing the Halal product.

## 1.6 Limitation

There are several limitations the researcher have to face in order to complete this study. The following are the limitations through by the researcher:

- **Lack of resources**

The scope of this study covered many topic of Halal. So, it could be more difficult for researchers to gain more information and suitable with specific topics.

- **Budget constraint**

As a budget, it is difficult for the researchers because all the costs involved in completing this study by using personal savings.

- **Time constraint**

The duration of this research is limited because timing to distribute the questionnaire to the respondent.

## 1.7 Summary

Basically, most of the study in this chapter explains on the basic of introduction of the research, element in this chapter consists of the research background, problem statements, research question, research objective, scope of study, limitation of study. Since Halal issue is very important in Muslim consumer daily live, it will help consumer to identify the future challenge of Halal product consumption. This study will clarify to the consumer about Halal issue in order to consume it. So, the next chapter in the literature review will be exposed in detail about the sustainability and future challenges of Halal product consumption. Expectation from the respondent will be identify the requirement to complete the study of this topics

## CHAPTER 2

### LITERATURE REVIEW

#### 2.0 Introduction

Literature review is an evaluative research of information in the literature related to the research. It is important to establish a literature base because it provide a clear understanding of existing knowledge base for the problem occurred in the real world. Therefore, the literature review is based on the original, authorities and present sources like journals, articles and others published sources.

#### 2.1 Definition of Halal

Halal is one of the Arabic word which defined as law that prescribed by Islam. Halal mean the law permits an act to be done (in Islam), permitted (not forbidden by Islam). According to Shari'ah, all issues concerning Halal or Haram and even all disputes should be referred to Quran and Sunnah (Doi, 2007).Haram was the opposite word for halal. Islamic law was word in English language with the same mean with Sharia Law in Arabic.

### **2.1.1 Halal Industry**

Halal industry was the fast growing industry internationally ( Alam & Sayuti, 2011). Nowadays, the halal industry was not only focus in halal product such as food and beverages, personal care, pharmaceuticals, cosmetics, clothing and also expand in halal services industry such as travel and hospitality, banking and financial.

According to Pew Research Centre, international halal food and beverage market had reach \$1.37 trillion in 2014, which indicated that 18% of the entire market. The global halal food had expected grow by 5.8% in 2020 (Times, 2015). The number of Muslims were expected growth from 1.6 billion in 2010 to 2.8 billion in 2050 which was expanded by 73% (Lipka & Hackett, 2015). Muslims were expected consists approximate three-in-ten of the world population in four decades later. Halal food and beverage also expected growing because of the growing of Muslim population globally.

### **2.2 Definition of Logo**

Logo is define as a graphic mark or symbol that be used in commercial enterprise, organizations and individuals to aid and promote instant public recognition. The great logo may attract customer to buy the product.