

A Review on Factors of Non-Compliance of Halal Standards among Restaurant Operators in Kuala Lumpur

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Abstract: Eating halal and tayyib food is an important as a matter of worship of God where general principle what is lawful and what is good (Tayyib) should be followed. The food service sector is deemed to be the final link in the entire food industry supply chain and as this industry experiences a rapid growth, the duty of ensuring the food is halal has been shifted to restaurant operators and this can be seen through the introduction of halal standard. In Malaysia, halal food products must conform to the halal standard which refers to the MS 1500:2009 (Malaysia standard: Halal food production, preparation handling and storage-general guidelines) and implements special law such as Trade Descriptions (Definition of halal) Order 2011 under Trade Description Act 2011 to protect the consumer. However, many restaurant operators did not comply with this halal standard and led to halal fraudulent practices. Reports on halal fraudulent decrease lack of confidence amongst the Muslims. This study was to identify factors of non-compliance and studies the factors within each element in TDO 2011 influencing the non-compliance.

Key words: Non-compliance, halal policies, halal food, restaurant, Malaysia

INTRODUCTION

Malaysia is one of South East Asia's most developed nations has transformed itself from agrarian to an emerging multi-sector economy where GDP contribution from the agricultural sector fell to 7.6% from 12.9% while GDP contribution of manufacturing rise from 26.4-32.5% during period of 1995-2004. In 2009, mean monthly gross income per household in Kuala Lumpur is rose to RM5,488 from 5,322 month⁻¹, denoting average growth of 6.8% per annum (Department of Statistics Malaysia, 2010a). Malaysia is classified as a middle-income country where >61% of the population categorized into the middle to high income class with Gross Domestic Product (GDP) per capita income registered over RM27,113.36 (USD8803) in 2010 (Bank Negara Malaysia, 2010). The proportion of high income households, defined as those earning RM3,500 and RM5,000 above per month has increased from 44.3% in 2007 to 49.0% in 2009 in urban area (Department of Statistics Malaysia, 2010b). There is also ample numbers of expatriate population, fleeting business trade concentrated in Kuala Lumpur and a large tourist market nationwide. Three main consumer groups, middle to high income households, expatriates and business person and affluent tourists.

With a GDP valued of RM560 billion (USD182 billion) in 2010 and estimated to reach RM587 billion (Table 1) as well as strong consistent growth of 6-7% since 2008-2011 (Economic Planning Unit, 2011), the Malaysian food sector is growing rapidly at >6% per annum and expected to continue. Moreover, with approximately 70% of this sector is classified as modern food service outlets have drove the development of the modern food and beverage sector (GAIN, 2009). Growth in this sector, the size of the market (Population of approximately 29 million), especially Muslim market (17 million), growing middle class population group, emerging of young, sophisticated and affluent consumers aided Malaysia as a market with good growth prospects for halal food service products.

Halal industry: The halal industry growth in rapid expansion and serve as quite a unique sense where

Table 1: Key economic indicators (2008-2011)

Key economics indicator	2008	2009	2010 ^p	2011 ^e
GDP (RM million)	530.7	522.0	559.6	588.4 ^e
GDP growth (%)	4.8	-1.6	7.2	5-6.0 ^e

^pPreliminary; ^eEstimate; ^eEstimate is based on Bank Negara Malaysia 2011 Annual Report; Economic Planning Unit, Department of Statistic and Bank Negara Malaysia

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religious values involve from the farm to the production including transportation, storage and handling until to the consumption of the products. Malaysia has the worldwide recognized halal food standards and certification which are strategic to its positioning as the international halal food hub and give rise to the credibility and market acceptance of halal. Moreover, the increasing awareness of Muslims all over the world in their obligation to seek only halal food creates wider market to the industry.

The estimated market size for global halal food market based on consumption/expenditure calculation is amounted to USD587.2 billion in 2004 and rose to USD632.4 billion in 2009 and is projected to rise to USD641.5 billion in 2010 (Sungkar, 2008). However, the actual value for global halal food market in 2009 were higher than formerly projected and has reached to USD634.5 billion while in 2010 the market was jet to USD661 billion (Table 2). It shows increase of 4.2% from the 2009 value and this has grown significantly from 2004 until 2006 with increases in 12.6% of total size in global halal food market. Quoting sources from the International Market Bureau Canada, the total world Muslim population is estimated to be 1.8 billion and based on the estimated expenditure per capita for food of USD0.85 a day, it is estimated that the market for halal food products is USD580 billion a year. Foreign companies can cooperate with the Malaysian by using the country as a springboard to the global halal product market worth more than USD2.3 trillion annually which surprisingly not to included banking products.

Malaysia consumer lifestyles: With the performance of the economy and accelerating in level of urbanization in Malaysia, it will expected influence of consumer expenditure in food services outlets, especially in Kuala Lumpur area where many migrants search for more convenience and time saving food. A survey conducted by The Nielsen Company discovers that 67% of Malaysians dine at restaurants at least once a week. Increasingly hectic schedule have driven a growing number of working class Malaysian to choose to dine out instead of cooking at home, especially in urban areas. This phenomenon shown in Table 3, where in urban area, monthly expenditure per capita on meal away from home is RM217 almost, twice compare to rural area is RM102. Urban households have significantly higher expenditure in meals away from home possibly due to exposed to a wider accessibility of eating establishments or differences working styles (Helen and Andrew, 2007) have higher spending power. The traditional lifestyles of the rural societies still show as a stronger tendency for eating meals prepared at home instead of dining out (Nik Mustapha *et al.*, 2001).

Table 2: Global halal food market size by region (USD)

Region/year	2009 (billion)	2010 (billion)	Change(%)
Africa	150.6	155.9	3.5
Asia	400.0	418.1	4.5
Europe	66.6	69.3	4.1
Australia	1.2	1.6	33.3
Americas	16.1	16.7	3.6
Total halal food market size	634.5	661.6	4.3

World Halal Forum (2009) post event report and the world halal forum presentation

Table 3: Average monthly household expenditure on meal consumed away from home by stratum (2004/05)

Expenditures	Nation wide	Urban	Rural
Expenditure on meal away from home (RM)	182.0	217.0	102.0
Average monthly expenditure (RM)	2,035.0	2,323.0	1,367.0
Percentages expenditure on meal away from home (%)	9.0	9.3	7.4

Department of Statistic Malaysia

Table 4: Consumer expenditure by broad category (current value): 2008-2010

RM million	2008	2009	2010
Food and non-alcoholic beverages	46,942	46,737	50,159
Alcoholic beverages and tobacco	3,938	3,862	4,082
Clothing and footwear	9,211	9,162	9,750
Housing	69,941	70,130	75,195
Household goods and services	16,211	16,318	17,547
Health goods and medical services	9,897	10,357	11,537
Transport	69,229	71,460	78,885
Communications	22,682	23,495	25,977
Leisure and recreation	16,011	16,244	17,533
Education	5,809	5,879	6,354
Hotels and restaurants	34,864	34,805	37,040
Miscellaneous goods and services	25,071	25,494	27,458
Total	254,539	333,942	361,516

Euromonitor international

Table 5: Average monthly household expenditure on meal consumed away from home

Expenditures	1993/94	1998/99	2004/05	2009/10
Expenditure on meal away from home (RM)	119	178	169	194
Percentage expenditure on meal away from home (%)	10.3	10.9	8.7	8.9
Average monthly expenditure (RM)	1,161	1,631	1,953	2,190

Department of Statistics Malaysia

Food and beverage expenditure accounts for 14% of the total consumer spending value at RM50,159 in 2010. This was followed by hotel and restaurant increased from RM34,805-37,040 as shown in Table 4. Rising disposable income and increasing affluence has increased the appetite of Malaysia consumers.

The expenditure per capita on meal away from home rise RM194 per month in 2009/10 from RM165 in 2004/05 with surged to 8.9% from the average monthly expenditure of RM2,190 (Table 5). This grow in spending meal away from home was a reflection of the increased in number of working women and dining out has been made easier by the abundance of cheap and readily available hot meals sold at roadside stall and shopping complex in most places. Affluent of international cuisines such as French,

Italian, American and Middle Eastern cuisines strongly grew in popularity and emerging of cafe culture either in mamak restaurant (Full-service restaurants run by local Indian Muslim that provides local Indian food such as Roti Canai (A type of paratha bread) (Euromonitor Internatioanal, 2011a, b) or trendy cafes such as Starbucks amongst the more affluent, younger, sophisticated and middle class income. With the high volume of tourists with ample market size and high spending power amongst consumer will boost the growth of consumer food service in Malaysia.

Muslim tourists: The unique blend of the natural beauty and a rich diversity of culture, traditions, history, food and lifestyles of the various ethnic groups have evolved into exotic and unique Malaysia special identity presented an appealing theme to promote tourism. Malaysian government has identified tourism industry as a high priority growth sector (Table 6) where this sector contributes to the large account of foreign exchange earnings where in 2010 it's generated amounted to RM56.5 billion (DSM, 2011). In spite of the global economic uncertainty and unstable global politics, Malaysia received 24.7 million and generates RM58.3 billion of the tourist total receipt (Table 7) (MoTM, 2010a). Similarly, the average per capita expenditure of tourist also grew from RM2,247.4 in 2008-RM2,256.7 in 2009 (0.4% growth) with food and beverages expenditures registered about RM9.29 billion from the components of tourist expenditures (Table 8) (MoTM, 2009a, b).

With the Muslim population rose to 1.73 billion accounted to 23% from 7.0 billion of world total population and accounted to 10% from lucrative total tourism market value of USD85.2 billion (World Tourism Organization, 2010), gives opportunities for Malaysia as a safe country to travel all the year. Thus in 2009, Malaysia is spotted in the 9th place of the top ten of the world's tourism destination most visited country by tourist based on the total arrival are 23.6 (World Tourism Organization, 2010). As a Muslim friendly country, Malaysia capabilities to accommodate Muslim needs during their travel period can be seen through the large number of big mosque including prayer facilities throughout their journeys, the availability of halal foods, emerging of high end shopping complexes and world class hotel. Despite of that a safe, harmony and progressive Muslim country like Malaysia has embraces the country's architecture, cuisine and lifestyles and spites attractions for tourists, especially from West and Middle East country to spend their holiday peacefully.

Malaysia has tapped the market for Muslim tourist, especially from West Asia where a large number of

Table 6: Major foreign earnings by sector (2008-2010)

Sectors	2008	2009	2010
	------(RM billion)-----		
Manufactured goods	491.9	430.6	486.7
Tourism	50.2	55.0	56.5
Palm oil	46.0	36.4	45.6
Liquefied Natural Gas (LNG)	40.7	31.2	38.1
Crude oil	43.0	25.4	30.8
Total GDP (RM billion)	742.5	679.9	765.9
Tourism revenue	6.8	8.2	7.4
contribution to GDP (%)			

Table 7: Tourist arrival and receipt (2006-2011)

Years	Arrivals	Receipts (RM) Million
2006	17,546,863	36,271.7
2007	20,972,822	46,070.0
2008	22,052,488	49,561.2
2009	23,646,191	53,367.7
2010	24,577,196	56,492.5
2011	24,714,324	58.3

MoTM (2010b)

Table 8: Component of tourist expenditure (2007-2010)

RM million	2007	2008	2009	2010
Accommodation	14,235.6	15,463.1	16,573.8	17,343.2
Shopping	12,254.6	13,282.4	15,103.1	16,213.3
Food and beverages	8,338.7	8,772.3	9,290.5	9,716.7
Local transportation	4,607.0	5,154.4	5,253.1	5,423.3
Domestic airfares	1,428.2	1,486.8	1,594.0	1,751.3
Organized sightseeing	2,257.4	2,428.5	2,274.7	2,259.7
Entertainment	2,027.1	2,032.0	2,271.0	2,429.2
Miscellaneous	921.4	941.7	1,007.5	1,355.8
Total	46,070.0	49,561.2	53,367.7	56,492.5
Percentages of food and beverages (%)	18.1	17.7	17.4	17.2

Malaysia profile, 2010

Table 9: Top ten Average Per Capita (APC) expenditure with Average Long of Stay (ALOS) 2007/08

Country of residence	2007		2008		Growth in APC (%)
	APC (RM)	ALOS	APC (RM)	ALOS	
Saudi Arabia	6430.80	10.6	8047.10	9.6	25.1
Kuwait	NA	NA	7147.70	6.9	NC
Oman	6608.60	9.6	6759.90	8.5	2.30
UAE	6264.70	8.8	6370.80	7.6	1.70
Australia	4011.80	9.1	4113.00	9.1	2.50
New Zealand	3144.20	9.5	3198.30	9.0	1.70
Netherlands	2970.20	10.3	3018.20	10.0	1.60
Germany	2886.50	10.5	2966.70	10.1	2.80
China	2729.60	6.8	2768.40	6.1	1.40
Japan	2610.30	6.1	2751.10	5.9	5.40

Malaysia profile of tourists by selected markets, 2010

tourists from this country are registered as the biggest spender in average per capita expenditure (Table 9). Based on statistic conducted by Tourism Malaysia in 2010, it is reveal that tourist from Saud Arabia, Kuwait, Oman and United Arab Emirates (UAE) are the major spender with Average Per Capita (APC) expenditure of RM8047.10, RM7174.70, 6759.90 and 6370.80, respectively. This numbers was almost twice from the tourist from Australia and New Zealand where their APC expenditure are RM4113.00 and 3198.30, respectively. Total

expenditure in food and beverage contributed to RM8.7 million (17.7%) compare to accommodation accounted to RM15.4 million which is 31.2% from the total expenditure.

The tendencies that Muslim tourist as one of the biggest spender during their vacation is not only seen in Malaysia but according to United Nations World Tourism Organization (UNWTO), tourists from UAE spend APC expenditure are USD1700 per vacation which is USD500 higher than European tourist (Malik, 2008). This indicates that tourists from Muslim country have high purchasing power and this leverage is opportunities to other country to provide vacation which can consolidate their needs as Muslim. Malaysia should tap these opportunities to serve as Muslim friendly country, especially in providing comfortable accommodation and restaurant serving halal food because these tourists love to travel along with their families (Euromonitor International, 2007).

Demand and growth of food services industry: Through the growth of Malaysia's economy and also progression of travel and tourism industry, it is expected to be positive for food service market is also likely to register growth. The food service sector is deemed to be the final link in the entire food industry supply chain and as this industry experiences a rapid growth and the duty of ensuring the food is halal has been shifted to restaurant operators and this can be seen through the introduction of halal standard.

As the food service industry enters the 2010, it's expected to capture 53% of the total food market with sales value at USD577 billion in 2010 (Charlotte *et al.*, 2001). The total sales of the food service sector is projected to grow to USD7.5 billion by 2010 due to the rising disposable income in Malaysia, urbanization and the growing popularity of eating out in food service establishments. This strong incentive from food service market is boosted by the local consumers as well as foreign tourists.

Today, as this food service sector is valued between RM24-27.5 billion (Table 10) and has been growing at rapid average rate of 6.5% per annum over the past 5 years this indicate that this sector pegged to grow between 7-10% per annum for the next 3 or 5 years as estimated by trade sources.

Table 10: Units, transactions and value sales in consumer food service: 2005-2010

Sales	2005	2006	2007	2008	2009	2010
Units ('000)	25.1	26.1	27.3	28.3	28.7	29.3
Transactions (mm)	921.6	994.9	1,086.6	1,155.0	1,179.0	1,231.6
RM billion	19.6	21.6	24.1	25.6	26.1	27.5
current prices						
RM billion	19.6	20.8	22.8	23.0	23.3	24.0
constant prices						

Euromonitor international

Halalan tayyiban concept: While food service locations expected with high levels of growth as well as demand from travel locations will boost the capacity of restaurants to accommodate a large number of consumers and as such will be able to house for more food service operators as demand for dining out increases. Furthermore, with the increase level of urbanizations, many of these migrants which are well educated strive for high payable salary resulted in lack of local food service operators in the restaurants. The tendency of restaurant owner to hired non local operators such as from Indonesia, Bangladesh, South India, Vietnam and Myanmar due to cheaper labor and it will cut the restaurant operation's cost. The increase of employee recruitments among non-Muslims will increase the tendency of non-compliance towards halal standards implement in the restaurant. This is because as being non-Muslim they are not spiritual trained to understand the underlying and importance of the halal concept during the preparations of food.

In Islam, there are no restrictions about cooking as long as the kitchen is free from haram ingredients and the food is safe and in a good quality. In the aspect of food preparation, it should cover the whole aspect which applied halalan tayyiban concept from farm to consumer consumption (Man *et al.*, 2007). Malaysian consumers and especially food service operator should clearly understand this concept. Their perception that halal food is foods that not contain pork or alcohol only should be change as halal also includes other aspects such as defines in MS1500:2009 means food and drink and/or their ingredients permitted under the Shariah law and fulfill the following conditions (Department of Standards Malaysia, 2009):

- Does not contain any parts or products of animals that are non-halal by Shariah law or any parts or products of animals which are not slaughtered according to Shariah law
- Does not contain najis (filth) according to Shariah law
- Safe for consumption, non-poisonous, non-intoxicating or non-hazardous to health
- Not prepared, processed or manufactured using equipment contaminated with najis according to Shariah law
- Does not contain any human parts or its derivatives that are not permitted by Shariah law
- During its preparation, processing, handling, packaging, storage and distribution, the food is physically separated from any other food that does not meet the requirements stated in earlier items or any other things that have been decreed as najis by Shariah law

Halal standard and regulations in Malaysia:

Malaysian standard entitled Malaysian standard, halal food production, preparation, handling and storage-general guidelines (MS1 500:2009-2nd revision) is the first halal standard incorporates international standards that can be adopted by food manufacturers and consumers as a reference document developed by standards development committee within the Malaysian standards development system and approved by the Minister of Science, Technology and Innovation. This consensus standard is a technical documents which specifies the minimum requirements that must be complied to not only during production but also at all stages of the production and supply chain including procurement of raw materials and ingredients, logistics and transportation, packaging and labeling of foods and so on which stresses the importance of food which are safe and not poisonous, intoxicating or hazardous to health. This document was recommended to be used together with MS 1480 (Food safety according to HACCP system) and MS 1514 (General principles of food hygiene) which both of standards covered aspects of hygiene, sanitation and food safety in the food processing and preparation chain. Other reference document used is manual procedure for halal certification published by Department of Islamic Development Malaysia (JAKIM). This procedure establishes guideline used by food producers, abattoirs, food premises and hotel kitchens when applying for halal certification.

Rules and regulations in Malaysia ruling in halal matters is the new amendment of Trade Description Act 2011 has been implemented starting 1 January, 2012 and the Trade Description Act 1972 is revoked. This new Act have two orders and one regulation, specifically for halal matters which are Trade Descriptions (Definition of halal) Order 2011, Trade Description (Certification and marking of halal) Order 2011 and Trade Description (Certification and marking of halal fees) Regulations 2011. Others legislation related to the halal matters is Food Regulation 1985 under the Food Act 1983 where it will protect consumers by ensuring that all food supplied does not contain elements that can endanger the health and food needs to indicate either contain alcohol or substances that contain beef, pork and its derivatives was subject to Section 11 under this regulation Food Act 1983. Meanwhile in the Kuala Lumpur Federal Territory, The Shari'a Criminal Offences (Federal Territories) Act 1997 under the Administration of Muslim Law Enactment 1952 describes any Muslim person who displays any food or drink which is not halal but have sign which indicates that such food or drink is halal will be offence of punishable with a fine not exceeding RM5,000 or imprisonment for a term not exceeding 3 years or both.

Problem statement: As been explained before, halal food is not meant that the food is not contains any porks or alcohol but it also includes others aspect as it was clearly mentioned in the scope of Trade Descriptions (Definition of halal) Order 2011 where the halal food is not contains any part of matter of an animal that a Muslim is prohibited by Shariah law to consume or that has not been slaughtered in accordance with Shariah law.

However, due to the new amendment of Trade Description Act 2011 which officially implemented in January, 2012 where only Malaysia halal logo only can be displayed in their premises or products. Thus, the impact of this new implement regulation for food product is still under transition process where the manufacturer has been giving 1 year period to change their halal logo to Malaysia halal logo issued by JAKIM (Department of Islamic Development Malaysia). Though for food premises there are no transition period was given where January until March, 2012, they will give education to those food operators while April to June 2012, a warning will be given if the food premise still displayed unauthorized halal logo and after July 2012, an action will be taken for those stubborn food premise owner.

Moreover, with lack of halal awareness among the Muslim consumer, even they are very sensitive towards the issues of halal matters. Instead of that being a Muslim also, will not guarantee their behavior will always be Islamic for example in the preparation of halal food according to Sharia aspect (Soesilowati, 2010). Besides effects of many reports claimed on halal fraudulent practices among the restaurant operators such as using fake halal logo or private halal logo, deception by non-Muslim operators wearing Muslim attire, misuse of the Holy Verses of the Qur'an by non-Muslim restaurant operators to attract customers is Muslim and so on, make the consumers starting to confuse and have doubt toward the Malaysia halal logo. This may due because of many restaurant operators did not comply with the halal requirement or standard even there are purported to sell food to the Muslims. Due to this scenario, this study strives to assess the factors of non-compliance of halal standard among restaurant operators in Kuala Lumpur. Thus, the research questions proposed in this study are:

- RQ 1:** What are the elements of non-compliance to the halal standard among the restaurant operators in KL?
- RQ 2:** What are the factors that contribute non-compliance of halal standard among the restaurant operators in Kuala Lumpur?
- RQ 3:** Are the factors of non-compliance of halal standard among the restaurant operators exist or not in this study?

RQ 4: Which factors that may contribute to the each element of non-compliance among the restaurants operator in Kuala Lumpur?

Literature review: Recently, there is no study done towards non-compliance of halal standard specifically. However, abundance of studies on non-compliance of other standards, regulations or policies such as security policy, ecotourism and food safety guidelines will be used as literature study in this research. Although, study on factor of non-compliance has been used widely in the medical research (Xu *et al.*, 2008; Bland *et al.*, 2008; Kaye *et al.*, 2009), this is the first attempt to study of factors of non-compliance with halal standard among the restaurant. Various of factor derived for this research is based on study done in compliance towards QAS such as ISO 9000 series, HACCP compliance and food safety compliance (Taylor, 2001; Yapp and Fairman, 2006; Karipidis *et al.*, 2009) will be analyze using self-administrative questionnaire.

Compliances can be defined either from psychological aspect where it refer to response/reaction to requestor obedience towards regulatory, standards or system implementation (Edwards and Wolfe, 2005). Significantly, there are various options in compliance such as full compliance with exceeding minimum requirements or full compliance with meeting minimum requirements, partial compliance or non-compliance with opportunity to be revised. This study will focused on compliance with the Trade Descriptions (Definition of halal) Order 2011 where any premises who want to use any halal expression should meet the requirement state by the Islamic law.

THE CONCEPTUAL FRAMEWORK

Elements of non-compliances: The study involved two levels: The first are the elements of non-compliance and secondly, are the factors that contribute to the non-compliance. The elements of non-compliances used in this study are derived from the elements of halal expressions stated in Trade Descriptions (Definition of halal) Order 2011 which are:

- Neither is nor consist of or contains any part or matter of an animal that a Muslim is prohibited by Hukum Syarak to consume or that has not been slaughtered in accordance with Hukum Syarak (Element 1: Raw Material)
- Does not contain anything which is considered to be impure according to Hukum Syarak (Element 2: Food Hygiene)

- Has not been prepared, processed or manufactured using any instrument that was not free from anything impure according to Hukum Syarak (Element 3: Processing Tools)
- Has not in the course of preparation, processing or storage been in contact with or close proximity to any food that fails to satisfy earlier points or anything that is considered to be impure according to Hukum Syarak (Element 4: Processing).

Factors of non-compliance: The factors derived in this study are from various studies done towards compliance in food legislation, HACCP, ISO and others finding to be relevant as factors of non-compliance with halal standard which refer to Trade Descriptions (Definition of halal) Order 2011. Thus, through the brainstorming among pool of expertise, 7 factors are used throughout this study namely lack of lack of knowledge in the halal concept, cost of implementation, changes in management, supplier issues, consumer driven, governance issues as well as lack of monitoring and enforcement.

Factor 1; lack of knowledge in the halal concept: Knowledge and understanding on the halal concept and its ruling is important to the entire food producer to serve halal food but the procedure of halal certification is also considered as important factor. Based on study done by Yapp and Fairman (2006), SME (Small Medium Enterprise) do not have motivation to comply with food safety legislation due to poor knowledge and understanding of food safety requirements and principles. Proprietors in food SME demonstrated lack of knowledge throughout the compliance decision process where they also discover that almost half proprietors did not understand what hazard analysis meant, its requirement, implementation or evaluation and monitoring action in relation to hazard analysis. Lack of knowledge among staff also acts as barriers of compliance with proprietor blaming their own staff regarding on noncompliance issued by EHPs (Environmental Health Practices). This study suggests that to alter SME behavior and attitude, the level of understanding, motivation and trust need to be increased. Taylor (2001) studied that small companies with limited access to information need specific training before implemented HACCP because the fundamental of HACCP methodology is necessary for an effective concept introduction and its implementation system. Aggelogiannopoulos *et al.* (2007) also stated that lack of ISO 9000 (Internal Standard Operation) knowledge is one of the most critical problems which concern to the documentation process during implementation of QMS (Quality Management System) in Greek small-sized

winery. This problem was overcome by conducting training programmes to expose employee of overall understanding of ISO 9000 and understanding the actual day to day process.

Factor 2; cost of implementation: One of the major factors served as barriers of non-compliance is cost of implementation in halal system due to the lack of financial support, lack of human resources, time restriction, lack of formal management system and facilitating condition. One of the factors of food safety compliance among the SME is financial consideration where it will include investment in structure, equipment expenses of quality consultants, the registration fees and staff training (Taylor, 2001; Aggelogiannopoulos *et al.*, 2007; Yapp and Fairman, 2006; Karipidis *et al.*, 2009). Other main elements which constitutes the total cost of the compliance process which may include senior management and staff time in generating procedures (Setting up, designing, implementation), quality system developments (installation and certification) and maintaining the system (recording, calibration, inspection and internal audit). When dealing with self-regulatory issues, time affected will be differ according to the knowledge and understanding that they had where SME did not have good understanding and acted as barrier in meeting minimum requirement (Yapp and Fairman, 2006). Study among butchers in UK (United Kingdom) found that many of butchers need to close their business to attend the training courses or meet the consultant when the UK government attempt to support implementation of HACCP in 7000 retail butchers (Taylor, 2001). Another main difficulty that small enterprises face is limited human resources to implement such system or the personnel is insufficient skills related to total quality system or qualifications (Karipidis *et al.*, 2009). In relation to halal standard each premise need to have at least two Muslim workers in place for all the time of production or in each time of shift (MS 1500:2009). Majority of the SME did not have effective system in place such as employing manager to deal with food safety issues, form internal audit committee and do regular meeting, therefore act as barriers to compliance with food safety regulations (Yapp and Fairman, 2006) where in refer to MS1 500:2009, any premises need to appoint halal executives or form a committee which consists of Muslim personnel to ensure the effectiveness in implementation of internal halal control system. According to Pahnla *et al.* (2007), if employees lack appropriate facilitating condition such as they do not have access to the IS security policies, they are unlikely to comply with the policies.

Factor 3; changes in management: Resistance of manager and workers to change is also considering as one of the factor influencing to the non-compliance of halal standard. Taylor (2001) report that changes to a new management system on food safety in adoption of HACCP is different among small and larger companies. Small companies have little motivation than larger companies for such changes due to their firm belief that they already produce safe food which is similar to the study when many small restaurant especially restaurant owned by Muslim belief they have already served halal food to their customer. This study also proved that this typical owner manager has yet to be convinced that HACCP is either effective or practical to their business and the only pressure to apply HACCP has been from legislation which given the low risk of prosecution. In relation to implementation of ISO 9000, changes to workforce commitment is found as another obstacles and to gain this commitment, top management ensures all the employee were informed of how the QMS will benefit them in term of improvement of internal communication, increase customer satisfaction or reduction of defective products (Aggelogiannopoulos *et al.*, 2007).

Factor 4; supplier issues: Restaurant who served halal food to the Muslim need to ensure their ingredients use is halal, this is crucial part where restaurant need to obtain their raw material sources from supplier with supply halal food. Some of the major factor identified to be resistance to get halal food is their pricing, quantity and proximity.

Factor 5; consumer driven: Lack of awareness among the consumer to choose halal product made the food operator did not comply with the halal standard. According to Hooker and Caswell, one of the incentives of implementation of QAS (Quality Assurance System) is it will attract more buyers through the creation of customer's confidence. The external benefits of QAS in place are reduction of customer claims and return and increase customer' impression of the company (Karipidis, 2009). Chapman, has observed after the company received ISO 9000 certification, customer satisfaction was increased than before certification and serve as important factor for enterprises dealt with agricultural product and foods. Greater customer loyalty and superior customer satisfaction are some of the benefits attribute towards ISO certification (Rodriguez-Escobar *et al.*, 2006). Customer satisfaction through application of QMS was also been achieved through the study from Quazi and Padibjo (1998).

Factor 6; governance issues: Issues in Malaysia governance especially in halal industry is consider as one of the factor because in Malaysia there is still no act or regulations to prevent any entry of external certification bodies even though JAKIM is recognized as the authorized body to issuance the halal certificate. According to Pokinska *et al.* (2002), one of the factors identified to be as barriers in the implementation of QAS policy is various certification bodies where they have better or poorer reputation which may influence small organization choices due to they have no abilities to evaluate added value provided by a certifier or also be discourages by a third party. Abdul Latif (2004) mentioned that there are several of halal food authorities worldwide where they have their own halal food acts, halal food enforcement bodies and halal food certification systems which may not uniform and gives certain degree of assurance. The fragmentation is further accentuated when crossing national boundaries where there is no mechanism for mutual recognition between countries to this date. In this study, most of restaurant which served especially meat or meat based product need to ensure their product is halal certified from the supplier which may import from various countries. The establishment of various certification bodies especially in Malaysia where most of the restaurant use halal logo from private certification bodies which may embarks confusion not only for the customer but also to the restaurant operator. While study by Henson and Heasman (1998) stated that to comply with food safety regulations, the actual changes are differ according to the type of standard applied and/or the administrative form of the regulations. Establishments of over 100 halal certification agencies worldwide which each have their own set of halal standard and guidelines gives a certain degrees of assurance of halal product. This inflexibility of standard also appears in previous ISO versions where it was considered as too complicated or not all ca be adapted to the certain cases, especially in service provision and in addition of lack of related references material may be barriers of to adopt QAS policy (Aggelogiannopoulos *et al.*, 2007; Karipidis *et al.*, 2009).

Factor 7; lack of monitoring and enforcement: Lack of enforcement among the MDTCC or JAKIM made the restaurant operator taking granted with this situation. The worst situation is there is no legal sanction has been taken as the worst as the premise will be closed for some period to correct their action and being compounded. This factor also occur in food safety regulation studied by Yapp and Fairman (2006) where it will gives impact not only to consumer but also to the SME companies lack of

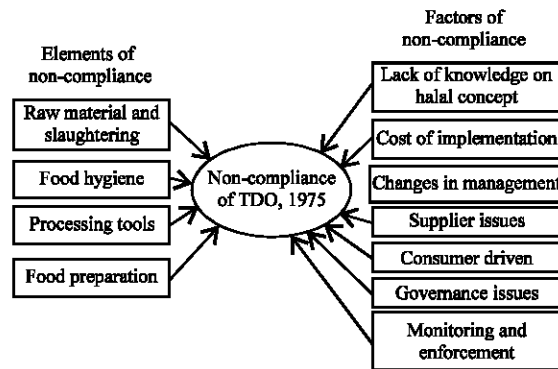


Fig. 1: Conceptual framework to determine factors contributing to the non-compliance

trust toward the EHP officer. Therefore, based on element of non-compliance on Trade Descriptions (Definition of halal) Order 2011 and factors derived from past study, the conceptual framework used in this study was presented in Fig. 1. Hypothesis cast in the conceptual framework of this study are:

- H₁** : There are significant factor (lack of knowledge, cost of implementation, changes, supplier issues, consumer driven, governance issues and lack of monitoring and enforcement) that contribute to the non-compliance of Trade Descriptions (Definition of halal) Order 2011 among the restaurant operators
- H_{2a}** : There is positive and significant relationship between factors of non-compliance with element (raw material) of non-compliance to the Trade Descriptions (Definition of halal) Order 2011
- H_{2b}** : There is positive and significant relationship between factors of non-compliance with element (Food hygiene) of non-compliance to the Trade Descriptions (Definition of halal) Order 2011
- H_{2c}** : There is positive and significant relationship between factors of non-compliance with element (processing tool) of non-compliance to the Trade Descriptions (Definition of halal) Order 2011
- H_{2d}** : There is positive and significant relationship between factors of non-compliance with element (processing) of non-compliance to the Trade Descriptions (Definition of halal) Order 2011

CONCLUSION

The halal market is moving and expanding very rapidly and halal issues is a serious matter to Muslim consumer when choose the right eating establishment. Lack of awareness among food handler and restaurant owner makes it to understand the underlying factors of non-compliances among restaurant operators. This understanding will be useful for any restaurant

establishment as their guidance to define clearly halal products and services, the certification authority and procedures to assure consumers get not only halal food but also be guarantee the tayyiban aspects of the food, i.e., the quality, safety and reliability of such products and services. Based on the discussion mentioned earlier, Malaysia have comprehensive standard which covered all aspects but mainly focused on halal food and with the introduction of the new amendment of TDA 2011, this will protect consumer from any abuse of halal logo and facilitate them to choose the right eating places which they can fulfill their dietary requirements. With lot of opportunities exist in Malaysia environment such as strong development of economic growth, rapid expansion of Malaysia's halal industry, accelerating in level of urbanization, progression of large account from Muslim tourist and positive growth in food service industry provides high market value for halal product that should be tapped for all halal restaurant industry players.

ACKNOWLEDGEMENTS

This study is financially supported by the University Research Grant, Research University Grant Scheme (06-01-09-0686RU).

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