

THE INFLUENCE HALAL LABEL AND PERSONAL RELIGIOUSITY ON PURCHASE DECISION ON FOOD PRODUCTS IN INDONESIA

Fatmasari Sukesti
Faculty of Economics, University of Muhammadiyah Semarang Indonesia
E-mail : fatmasaris@yahoo.com

Mamdukh Budiman
Faculty of Economics, University of Muhammadiyah Semarang Indonesia
E-mail : mamdukh.budiman@gmail.com

ABSTRACT

This study aims to analyze the influence of halal label and personal religiosity on consumer purchasing decisions on food products in Indonesia. Data were collected through questionnaires to 135 consumers with randomly sampling. The method of analysis used is multiple linear regression method. Independent variables label halal and personal religiosity tested together and partially with the dependent variable purchase decision. The results showed halal label and personal religiosity significantly influence the purchase decision with R Square 0.485

Keywords: Halal label, food products, purchasing decisions, personal religiosity

INTRODUCTION

Indonesia has a population of 240 million people (BPS, 2010), and 87% of the population are Muslims. With a very large Muslim population, Indonesia is potential market for halal products. Research conducted by Salman and Siddiqui (2011), which measures the level of awareness and perception of the people of Pakistan towards halal food products showed significant results in the improvement and development of company marketing food products as halal certified food manufacturer.

LPPOM (National Institution for the Supervision of Food, Medicine, and Cosmetic) and MUI (Indonesian Ulama Council) are the only institutions that have a right to issue halal certificate in Indonesia. BPOM data shows among registered Indonesian medical industries, food industries, beverage industries, and cosmetic industries only 59% of them have already had halal certificates. Based on the research conducted by Shah Alam and Sayuti (2011) it is found that behaviour factor positively influence the decision making to buy halal products in Malaysia. The use of halal label on the products sold is a new paradigm as a marketing strategy of some factories to differentiate their products and service in today's competitive business, as shown by Shambavi et al (2001) in a research to 151 respondents in UAE; selection of some products is determined by halal label or certification as seen on the products.

It has already been believed that religion has an important role such as in the consumption of food for Muslim in Islamic country or non-Muslim country (Ahmad, Kadir and Salehudin, 2013). Religion is a life guidance for human (Jalaluddin, 2004), religion significantly influences consumers in non majority Muslim countries to buy halal food (Mutsikiwa and Basera, 2012). Another influence of religion can be seen in individual's life and behavior (Loser, Klein, and Dollahite, 2008). Religious affiliation and commitment are two prominent aspects that influence the consumers' behavior (Mokhlis, 2009).

Based on the background above, we interested to study the influence of two aspects, namely the halal label and religion by conducting research in Indonesia with title: "The Influence Halal Label and Personal Religiosity on Purchase Decision on Food Products in Indonesia"

LITERATURE REVIEW

Muslim community who live in Indonesian as a multi religious country have much attention to every halal products they consume. Theory of consumer behavior can be found in the demand of halal products in Malaysia (Shah Alam and Nazura, 2011). While Baldrudin et al (2012) concludes based on his research that halal label issued by JAKIM (Department of Islamic Development Malaysia) is quality guarantee of a product for consumer. Salman and Siddiqui (2012) show significant increasing of consumer's attention and market development for the halal products in Pakistan.

Beside behaviour factor and consumer's perception in halal label, Mukhtar and Muhammad Muhsin (2012) find a significant relation between religious norms and laws in the demand of halal products, and subjective consideration is a high signification. Muhammad Muhtar (2012) reveals that someone's religiosity influence halal products demand therefore in some Muslim countries such as Turkey the government seriously preparing standardization for halal products (Anonymous,2011). Halal products is as important as in non-Muslim country as quality guarantee and consumer's protection right (Campbell et al, 2011).

THEORETICAL FRAMEWORK AND HYPOTHESIS FORMULATION

Perception Theory

Perception according to Kotler and Keller (2009: 179) is a process when someone has to select, organize, and interpret some information to create whole meaningful description. Perception caused by outer stimulus that affects someone's five senses such as sight, hearing, smell, mind, and touch. Those stimuli are then selected, organized and interpreted by everyone differently. In this context, stimuli caused by marketing stimuli and vicinity stimuli.

This new paradigm describes halal certification can be used as marketing strategy for factories (Shambavi Rajagopal et al, 2011). Then as stated by Baizuri Balrudin (2012), halal certificate on food products can be a guarantee of service quality from the perspective of factory. In a research conducted to 547 small and middle scale business units, even the result has not been reached, that JAKIM (Department of Islamic Development Malaysia) an institution issuing halal certificate has not yet satisfied all consumers' service quality dimension. Meanwhile, a research conducted by Maisaroh Ahmad et al (2013) shows Muslim society perception and behavior tends to consume halal food with halal certification guarantee than those which do not have any. The research was conducted to 300 respondents with random sampling method.

Motivation Theory

Motivation is someone's personal willingness to do or realize something. When someone has a motivation he or she has determination to realize what he or she wants. Theory of motivation has already been explained by well known scholars like Abraham Maslow (1943-1970). He said that basically every human being has primary needs. He created five levels of a pyramid to further explain his thought which started from the bottom of it. This five levels or hierarchies of pyramid then called as Needs Hierarchy of Maslow. It starts with biological needs until more complex psychological motives. It will be considered important after the basic need fulfilled. Occasionally, some needs as described in a form of hierarchy have to be fulfilled before the others. For it will determine crucial action.

Theory of needs by McClelland (McClelland's Theory of Needs) developed by David McClelland and his friends. The theory focuses on three needs like the need for achievement, the need for power, the need for affiliation. Lilly, Duffy & Virick (2006) said that McClelland's theory of needs functions as antecedent of family work conflict and impacts for women and men differs in family work conflict characteristic. Moberg, C.R., Leasher, M. (2011) in their research it is found that Western Entrepreneur getting more motivated to be successful, affiliated, and dominant than those of from the Eastern.

Personal Religiosity

Corsini (2002) said that religiosity is a terminology for individual who gives much attention to his or her religion. Religious teachings cover large dimension including prohibition and rules to the followers. In relation to this, Widiyanto quotes Adisubroto (2005) religious individual is he or she whose mentality concentrates on God. J.H. Leuba defines religion as set of rules to do, as a system of belief or as a certain emotion with distinct characteristic. While Thoules said that it is a practical relation between human and what is believed to be The Mighty and Most Merciful.

Islam being the biggest religion in Indonesia for it is embraced by the majority population in the country. Islamic values reflected in the people's way of life including economics such as food consumption, beverage, medicine and cosmetic. Islam strongly prohibits the followers from eating pork and alcoholic beverages or every food and beverage products containing pork and alcoholic substance. It is stated clearly in Al Qur'an surah Al Maidah ayah 3 and surah An Nahl ayah 114. Considering this, the majority Muslim population as the biggest consumers has to be protected from any food, beverage, medicine or cosmetic suspected to contain those prohibited substance by halal labelling and certification on products sold in Indonesia.

Based on the literature review and theoretical framework as stated above, hypothesis can be formulated as follow:

HA: Halal Label and Personal Religiosity positively influence on Purchase Decision on Halal Food Products.

RESEARCH METHOD

Research Sample

Sample of the research is 135 respondents and the sampling method done randomly.

Table 1 Operational Definition and Measurement of Variables

No	Variable	Indicator	Measurement scale
1.	Halal Label (X1)	halal raw materials halal production process halal packaging and marketing	using a scale measurements of 1-10 ranging from strongly disagree to strongly agree
2.	Personal Religiosity (X2)	respondents' awareness of halal products respondents' knowledge about Islamic law (Syar'i)	using a scale measurements of 1-10 ranging from strongly disagree to strongly agree
3.	Purchase Decision (Y)	product quality assurance consumer protection	using a scale measurements of 1-10 ranging from strongly disagree to strongly agree

Research Method

Data collection method done with survey and questionnaire (self report). The questionnaire used to get respondent response data about the topic discussed and analysed in the research.

Multiple linear regression analysis

$$Y = a + b1X1 + b2X2 + e$$

Y = Purchase Decision

X1 = Halal Label

X2 = Personal Religiosity

b1, b2, = Regresssion Coefficient

e = error

a = constants

RESULTS

Result of variable tested can be seen on table 2 and 3 below

Table 2

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.695 ^a	.485	.477	7.378

a. Predictors: (Constant), total2, total1

Table 3

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	13.804	3.549		3.890	.000
	total1	.485	.088	.539	7.334	.000
	total2	.280	.085	.241	3.282	.001

a. Dependent Variable: total3

DISCUSSION

Result of independent variable and dependent variable tested all at once and partially shows that Halal Label variable and Personal Religiosity significantly influences dependent variables of Purchase Decision with R Square makes up of 0.485. It means the using of halal label on food products in Indonesia influences on purchase decision. Religious factor or religion embraced by people being another factor that influences consumer’s buying decision. Then a notice stating halal label on Indonesian food products being an important factor to consider in this biggest Muslim majority country. Regulations of halal certification for food products in Indonesia being urgently needed.

CONCLUSION

Halal label and personal religiosity influence on food products purchasing decision in Indonesia. This research has its limitation that respondents surveyed live in Muslim majority area. The same research needs to be conducted in areas with less Muslim population for example Bali. Looking at the little consideration of food factories registering their products to be legalized with halal certificate, it is then important to formulate Regulations of food products halal certification in Indonesia. It is intended not only to guarantee that the product is halal but also good-quality.

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