UNIVERSITI PUTRA MALAYSIA

ACCEPTANCE OF MALAYSIAN HALAL CERTIFICATION AND MALAYSIA AS HALAL HUB BY OIC-MEMBER FOOD MANUFACTURERS

ROZAILIN BINTI ABDUL RAHMAN

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ACCEPTANCE OF MALAYSIAN HALAL CERTIFICATION AND MALAYSIA AS HALAL HUB BY OIC-MEMBER FOOD MANUFACTURERS

By

ROZAILIN BINTI ABDUL RAHMAN

Thesis Submitted to the School of Graduate Studies, Universiti Putra Malaysia, in Fulfilment of the Requirements for the Degree of Doctor of Philosophy

November 2014

DEDICATION

With the name of Allah I devoted my soul, my wealth and my religion to You. Oh Allah Almighty, make me accept sincerely all of Your decision, grant me with Your bless in all my faith till I refused to ask You faster of what you have postponed and postponed of what You have already given.....

Abstract of thesis presented to the Senate of Universiti Putra Malaysia in fulfilment of the requirement for the degree of Doctor of Philosophy

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November 2014

Chairman : Professor Zainal Abidin Mohamed, PhD

Faculty : Agriculture

Malaysia, being a model Islamic nation is well poised to contribute to ever-increasing Halal industry. Being a member of the Organization of Islamic Cooperation (OIC), Malaysia is pushing its Halal certification, the only logo in the world that is supported by its government, as an international standardized logo to be used by all Muslim nations. This move is currently being supported by the majority of OIC members, but other countries such as Turkey, Pakistan and Abu Dhabi are also starting to show their interest in promoting their own Halal logo to be used by the OIC members and to become the Halal hub for the OIC member countries. Therefore an important question is whether or not the food manufacturers in the Islamic countries see this standard as necessary, and if so, certification and logo from which country is most preferred for application in their businesses. Thus it is inevitable to gauge the acceptance of Malaysian Halal certification and Malaysia as Halal hub from the OIC food manufactures' perspective.

The study uses data collected from a structured questionnaire survey that was distributed to 300 OIC Halal food manufacturers during two different Halal promotional events and an online survey. The samples were collected from 57 OIC countries. Descriptive statistics, factor analysis and Structural Equation Modelling (SEM) were used to analyze the information gathered from the questionnaires.

The results suggested Malaysia itself in term of strategic location, expertise in Halal research development and it background in Halal are the direct measure of the food manufacturers' attitude to accept Malaysian Halal Certification and Malaysia as Halal Hub among themselves. Furthermore, the influence of perceived behavioral control including the processing fees, information exposure and government incentives make them more aware about trusted Halal certification.

Abstrak tesis ini dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk ijazah Doktor Falsafah

PENERIMAAN SIJIL HALAL MALAYSIA DAN MALAYSIA SEBAGAI HAB HALAL OLEH PENGILANG MAKANAN NEGARA OIC

Oleh

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Malaysia, sebuah negara Islam yang menjadi contoh kepada banyak negara di dunia telah bersedia memberi sumbangan kepada peningkatan industri Halal. Sebagai ahli Pertubuhan Kerjasama Islam (OIC), pensijilan Halal Malaysia merupakan satu-satunya logo di dunia yang disokong oleh kerajaan. Langkah ini sedang disokong oleh majoriti ahli OIC. Namun, beberapa negara lain seperti Turki, Pakistan dan Abu Dhabi mula menunjukkan minat mereka dalam mempromosikan logo Halal dan Hab Halal mereka untuk digunakan oleh ahli-ahli OIC. Oleh itu satu persoalan yang penting adakah pengilang makanan di negara-negara Islam melihat piawaian ini diperlukan? Jika ya, pensijilan dan logo dari negara manakah yang paling digemari untuk diaplikasikan dalam perniagaan mereka? Justeru, kajian perlu dilaksanakan untuk mengukur penerimaan pensijilan Halal Malaysia dan Malaysia sebagai hab halal dikalangan para pengilang makanan dalam negara OIC.

Kajian ini menggunakan data yang dikumpul daripada soal selidik berstruktur yang diedarkan kepada 300 pengeluar makanan Halal OIC dalam dua acara yang berbeza serta melalui dalam talian. Sampel dikumpulkan dari 57 negara OIC. Statistik deskriptif, analisis faktor dan Permodelan Persamaan Struktur (SEM) digunakan untuk menganalisis maklumat yang dikumpul daripada soal selidik.

Kajian mendapati beberapa faktor menjadi kelebihan Malaysia sebagai pengeluar sijil halal dan hab halal termasuklah lokasi strategik, kepakaran dalam pembangunan penyelidikan Halal dan latar belakang Halal. Ketiga-tiganya adalah ukuran langsung terhadap sikap pengilang makanan OIC. Tambahan pula, pengaruh kawalan tingkahlaku yang dilihat termasuklah yuran pemprosesan, pendedahan maklumat dan insentif kerajaan membuat mereka lebih sedar tentang pensijilan Halal yang dipercayai.

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To Professor Dr. Zainal Abidin Mohamed, you are such like my father that has guided and showed me the right way along my PhD journey. You are very patient, tolerant, understanding and the most supporting supervisor I have ever met. May Allah grant you with all health and Barakah, success in the world and hereafter.

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My beloved husband, Mr Muhammad Firdaus bin Mahmood, thank you for your permission and letting me pursue one of my dreams. Without your blessing, my life surely would have turned out differently.

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And last but not least, to my Abah. You are the one who has put me in my highest position today. When I graduated from high school, I was afraid to tell you that I wanted to enter a private university for my studies. Without my knowledge, you bought the registration form and blessed me to enrol there. Again, you sent me to the United Kingdom to get my Masters degree. Finally, when I said I am tired of pursuing my studies, you kept pushing me to reach the highest limits. Even Mak who is no longer with us; I know she is smiling up there seeing me with all my progresses after I faced the greatest test from Him. Thank You Abah, may Allah bless your life forever and to Mak, I pray that Allah SWT in His Infinite Mercy will grant you manifold blessings and forgiveness and that Allah will include your soul as one who is deserving of His Clemency and Rewards in al-Jannah.... Alfatihah....

I certify that a Thesis Examination Committee has met on 10 November 2014 to conduct the final examination of Rozailin binti Abdul Rahman on his thesis entitled "Acceptance of Malaysian Halal Certification and Malaysia as Halal Hub by Oic-Member Food Manufacturers" in accordance with the Universities and University Colleges Act 1971 and the Constitution of the Universiti Putra Malaysia [P.U.(A) 106] 15 March 1998. The Committee recommends that the student be awarded the Doctor of Philosophy.

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AGFI	Adjusted goodness-off it index
AFM	Absolute Fit Measures
AHFS	Australian Halal Food Services
AIC	Akaike Information Correction
ASEAN	Association of Southeast Asian Nations
BPM	Agricultural Bank of Malaysia
CAGR	Compound annual growth rate
CEO	Chief Executive Officer
CFA	Confirmatory Factor Analysis
CFI	Comparative fit index
CIA	Central Intelligence Agent
CICOT	The Central Islamic Committee of Thailand
CMIN	Normed chi-square
COMCEC	Standing Committee for Economic and Commercial Cooperation
DPMM	Malaysia Mart in Dubai
DVS	Department of Veterinary Services
EFA	Exploratory Factor Analysis
FAMA	Federal Agricultural Marketing Authority
FIANZ	Federation of Islamic Associations of New Zealand
MIHAS	Malaysia International Halal Showcase
FMCG	Fast moving consumer goods
FAOSTAT	Food and Agriculture Organization of the United Nation
GAHP	Good Farming Practices
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GFI	Goodness-of-fit index
GFRA	Global Foot-and-Mouth Disease Research Alliances
GLS	Generalized least squares
GMP	Good Manufacturing Practice
GOF	Goodness of fit
HALFEST	Malaysian Halal Fiesta
HACCP	Hazard Analysis and Critical Control Point
HDC	Halal Industry Development Corporation
HFCE	Halal Food Council of Europe
HIA	Halal International Authority
IFANCA	Islamic Food and Nutrition Council of America
IFM	Incremental Fit Measures
IMP3	Third Industrial Master Plan 2006-2015
ISO	International Organization for Standardization
JAIN	Jabatan Agama Islam Negeri
JAKIM	Jabatan Kemajuan Islam Malaysia
JFDA	Agricultural Ministry Jordan Food and Drug Administration
JMUIM	Jamea Markaz Uloom Islamia Mansoora
JSMO	Jordan Organization for Standards and Metrology
KADA	Agricultural Development Authority
KBHC	Kenya Bureau of Halal Certification
LKIM	Authority of Malaysia
LPNM	Malaysian Pineapple Industry Board

LPP	Farmers Organisation Authority
MADA	Agricultural Development Board
MANOVA	Multivariate analysis of variance
MARDI	National Institute of Malaysia Agricultural Research and Development Institute Fisheries Development
MATRADE	Malaysia External Trade Development Corporation
MITI	Ministry of International Trade and Industry
ML	Maximum likelihood
MOA	Ministry of Agriculture and Agro-based Industry
MOH	Ministry of Health
MUI	The Indonesian Council of Ulama
MUIS	Islamic Religious Council of Singapore
MRU	The Muslim Religious Union of Poland
NAP3	National Agricultural Policy 1998 – 2010
NCMF	National Commission on Muslim Filipinos
NFI	Normed fit index
NNFI	Non-normed fit index
NSC	National Seedlot Corporation Sdn Bhd
OIC	Organization of the Islamic Conference
PBC	Perceived Behavioural Control
PEOU	Perceived ease of use
PFM	Parsimonious Fit Measures
PGFI	Parsimonious goodness-of-fit index
PNFI	Parsimonious normed fit index
PU	Perceived usefulness
R&D	Research and development
RFI	Relative fit index
RMR	Root Mean Square Residual
RMSEA	Root Mean Square Error of Approximation
SALT	Livestock Farm Certification Scheme
SEM	Structural Equation Model
SME	Small and medium enterprise
SMIDEC	Small and Medium Industries Development Corporation
SN	Subjective Norms
TAM	Technology of acceptance model
THIDA	Taiwan Halal Integrity Development Association
TLI	Tucker-Lewis index
TORA	Theory of reasoned action
TPB	Theory of planned behaviour
WHR	World Halal Research Summit

CHAPTER 1

INTRODUCTION

1.1 About Halal

In the holy Quran, there are verses that call Muslim believers to seek provisions that are *"halalan thoyibban*". "They ask you (O Muhammad SAW) what is lawful for them (as food). Say "Lawful unto you are AtTayyibaat (all kind of Halal foods) (Surah Al Maidah 5:4). This phrase means allowed and permissible for consumption with relation to Sharia law as long as they are safe and not harmful. Therefore, Halal includes everything from food we consume to the business and transactions we perform in our daily lives. It is part of a Muslim's responsibility to make sure that everything he or she practices and consumes is clean, hygienic and not detrimental to their health and well-being. Halal is a concept that encourages Muslims to find and use products or services that promote all aspects of cleanliness.

Halal refers to the Islamic processing methods of food which place a great deal of respect for the individual and also the society. With the increasing demand of Halal products globally, there are also an increasing concerns about having quality products by Muslim consumers. Unfortunately, some manufacturers are unclear of what constitute Halal, knowingly pure ignorance use the Halal logo on their products (Che Man, 2009). Therefore, the manufacturers need to be emphasized about the importance of Halal certification.

An understanding of which Halal certification is reliable, trusted and demanded may lead the food manufacturers to accept any logo to certify their products. Where areas, participating in any Halal hub will help the manufacturers expanding their networking and boost their sales (Shuhaimi, 2010). Malaysia has a balanced knowledge of both Islamic tenets and other areas including technological development and sciences, particularly food sciences, biochemistry and microbiology as well as in business management. Our Former Prime Minister once stated that "Plans to turn Malaysia into Halal Hub does not mean operations to produce Halal food must be based only in the country. Malaysia investors could invest in countries where research and development facilities and expertise are available to produce and export Halal food, (BERNAMA, 2005) and this statement still remain and has become Malaysia Government's strategy of being an international Halal Hub and have been emphasized in every budget speech by Malaysian PM since Tun Abdullah era. Since 2010, Malaysia has planned to become an international Halal Hub for Islamic Halal food. Malaysia is relying on her advantage in trading, logistics, banking and Halal certification to be recognized as International Halal Hub and still lobbying for Malaysian Halal certification to be gazetted as International Halal certification.

Being a member of the Organization of Islamic (OIC), Malaysia is pushing its Halal certification, the only logo in the world that is supported by its government, as an international standardized logo to be used for all the Muslim nations. This move is currently being supported by the OIC members, but other countries such as Turkey, Pakistan and Abu Dhabi are also starting to show their interest in promoting their own Halal logo to be used among the OIC members and to become Halal hub for the OIC members' countries. Therefore an important question is whether or not the food manufacturers in the Islamic countries see this standard as necessary, and if it is, certification and logo from which country that is the most preferred to apply for their businesses. Thus it is inevitable to gauge the acceptance of Malaysian Halal certification and Malaysia as Halal hub from the OIC food manufactures' perspective.

The study intends to explore the acceptance and attitude of the OIC countries food manufacturers and marketers towards Malaysian Halal certification and Malaysia as Halal hub for OIC member's country.

1.2 Halal World Market

According to the new population projections by the Pew Research Centre's Forum on Religion and Public Life, the world's Muslim population is expected to increase by about 35% in the next 20 years, rising from 1.6 billion in 2010 to 2.2 billion by year 2030. There is no universal standard as yet developed for Halal certification in the Muslim world nor is there the existence of a global Halal hub anywhere in the world. Each country has its own standard and regulations for Halal certification of manufactured food products. This phenomenon has urged some food manufacturers to seek for the standardization of Halal certification.

Currently, Halal market is accounts for 17.0 percent of the world food market. Table 1.1 shows the market size in term of value by region as reported by World Halal Forum Post Event Report 2009.

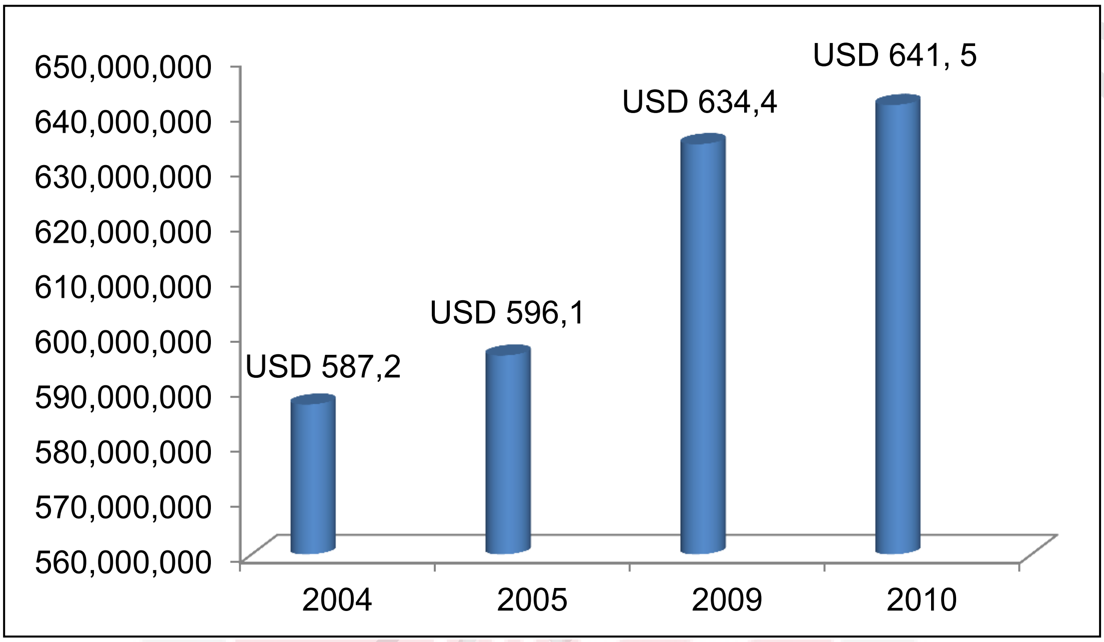
Table 1.1: Global Halal Food Market Size by Region (USD)

Region/Year	**2009**	**2010**	**% change**
Africa	150.6 billion	155.9 billion	3.5%
Asia	400.0 billion	418.1 billion	4.5%
Europe	66.6 billion	69.3 billion	4.1%
Australia/Oceania	1.2 billion	1.6 billion	33.3%
Americas	16.1 billion	16.7 billion	3.6%
Total Halal Food Market Size	**634.5 billion**	**661.6 billion**	**4.3%**

Source: World Halal Forum Post Event Report (2009)

During the opening ceremony of Malaysian International Halal Showcase (MIHAS) 2011, the Chief Executive Officer of Halal Development Corporation expressed that it was expected for the World Halal Food market to grow to USD850 billion by the year 2020. He also shared the estimated global market size from year 2004 to 2010. Figure 1.1 shows the value of global Halal food market size in the world from 2004 -2010 in USD.

Figure 1.1: The Value of Global Halal Food Market Size (USD): 2004 – 2010



Source: Halal Development Corporation (2011)

Most of the countries, Halal is considered as a symbol of quality and wholesomeness not only by Muslims but also by non-Muslims. The growth of Halal food market represents a significant potential for international companies, not only in the Muslim countries but also in western markets with a significant and growing Muslim population among whom Halal observance is on the increase.

Table 1.2 shows the annual market size for Halal food in the year 2010 and how much Malaysia fell behind China, Indonesia and other Asian countries. Malaysia has a population of 26.1 million with 15.4 million being Muslims.

Table 1.2: Estimated Annual Market Value for Halal Foods 2010

Continent / Country	Total Population (million)	Muslim Population (million)	Food Expenditure (USD per capita)	Market Size (USD market size million)
Asia	3921.0	1043.0	350	365,299
West Asia	213.9	195.3	572	111,712
Indonesia	221.9	195.3	347	67,769
China	1311.1	39.2	156	6,115
Malaysia	26.1	15.4	381	5,867
Thailand	65.0	5.9	371	2,189
Pakistan	162.4	157.5	n.a	n.a
India	1103.6	154.5	n.a	n.a
Bangladesh	144.2	127.3	n.a	n.a
Others	672.8	153.3	n.a	n.a
Africa	906.0	461.8	200	92,360
Europe	727.4	51.2	1500	76,800
North America	329.0	6.6	1750	11,550
South America	559.0	1.6	500	800
Oceania	33.0	0.4	1500	600
Total	**6474.4**	**1565.3**	**n.a**	**547,409**

Source: The Third Industrial Master Plan (2006-2020), Government of Malaysia, p.503
* n.a – Not Available

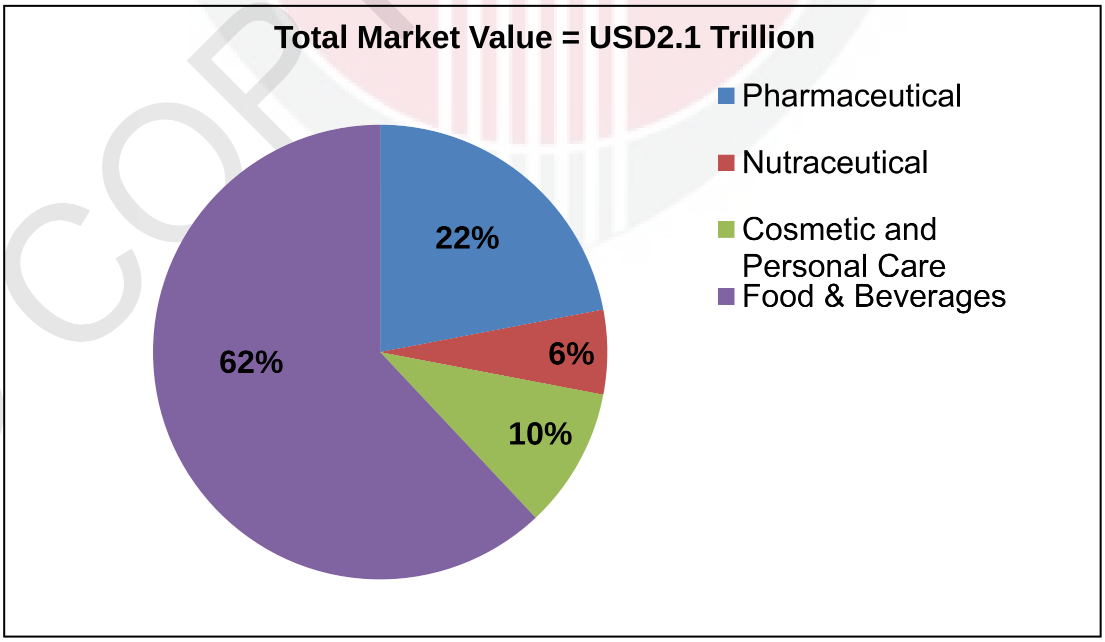
1.3 Consumption of Halal food in the world

The global market trend nowadays tends to be more concerned with consuming Halal products. The interests are moving from physical product attributes to spiritual, social, environmental and sustainability issues. Plus, most media including newspapers, television, summits, forums and non-governmental organizations play a leading role in highlighting and actively sharing information about all matters related to the advantages of Halal products. All these factors have led towards huge concerns for brand integrity.

In term of consumption for Halal products, about 67.0 percent of potential Halal products are categorized as fast moving consumer goods (FMCG) such as soft drinks, processed food and prepared foods. Among the FMCGs, meat and meat products alone constitute 62.0 percent of the market (Euromonitor Reports, 2005). Consumer food ingredients have been divided into four categories. First, core commodities such as flour, cocoa or hydrogenated vegetable fats. Second category is functional ingredients for example foaming, anti-caking or binding agents. Thirdly, food additives including colouring, flavouring and aroma; and fourth category are the active ingredients such as anti-bacteria, anti-aging and cholesterol reducing agents.

The Halal market has been quantified as the target market than can potentially be captured. Figure 1.2 shows the global market for Halal potential products based on sales value as being reporter by the Food and Agriculture Organization of the United Nation (FAOSTAT) and Euromonitors' Reports in year 2010.

Figure 1.2: Global Market for Halal-potential products in USD, 2010



Source: Euromonitor report FAOSTAT (2010)

One factor leading to a potential Halal product becoming non-Halal is through the usage of non-Halal ingredients. Global market for food ingredients including emulsifier, was USD 30.3 billion in 2005 and increased to USD34.2 billion in 2010 (Halal Development Corporation, 2011). Companies that have dominated ingredients production are multinational companies such as *Danisco*, a Danish company, *Kerry Ingredients* (American) *and Barry Callebaut* (Europe). Manufacturing Halal ingredients leads high potential in food expenditures to both Muslim and non-Muslim countries.

The results of a survey conducted by Euromonitor, 2011 show that not only Muslim countries have a high percentage in the food expenditure, but other countries also show a high percentage with South Africa 96.0 percent contributing the highest amount in food expenditure. Table 1.3 shows this information in detail.

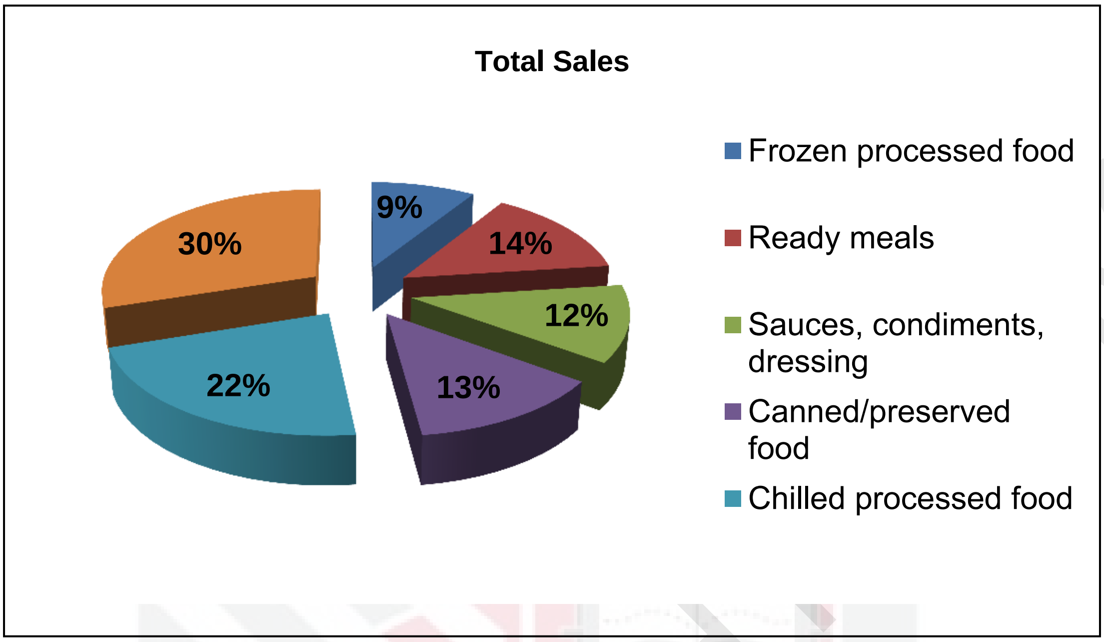
Table 1.3: Average 5-years Growth Rates in average per capita Food Expenditure 2007-2011

Country	% Growth Rates
Malaysia	16
USA	17
Saudi Arabia	18
Thailand	19
China	22
Indonesia	34
Netherlands	41
France	43
South Africa	96

Source: Halal Development Company (2011)

On the other hand, Halal food processed products have a large potential of sales around the world. According to the Global Foot-and-Mouth Disease Research Alliances (GFRA) Analysis 2010, based on 6 countries from European Union, Association of Southeast Asian Nations (ASEAN) and Gulf Cooperation Council (GCC), confectionary contributes towards 30 percent of potential sales of USD 1.8 billion processed food in year 2010, followed by chilled processed food: 22.0 percent, ready meals: 14.0 percent and canned or preserved food: 13.0 percent. Based on the contributions, Halal foods processed have a lucrative potential to embark the market. About 10.0 percent of these market spaces are large revenues for the Halal industry player who chooses to capitalise on it. Figure 1.3 shows the sales of world processed food in 2010.

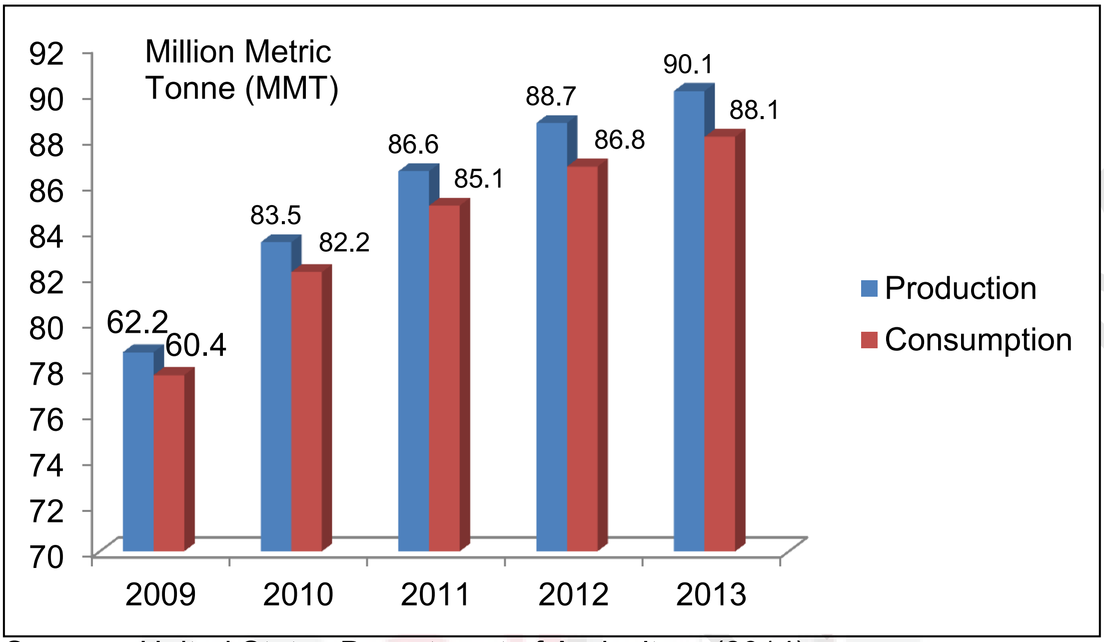
Figure 1.3: Sales of World Processed Food (2010)



Source: GFRA Analysis (2010)

The types of processed food showed above are all opportunities for food manufacturers especially when it involves the meat-based food. Many ASEAN countries have a low per capita tradable food consumption which indicates higher potential in future demand. Currently, chicken meat intake per-capita in Indonesia is 4 kg/year. Forecast for the next seven to eight years indicates that the consumption will increase to 8kg per capita per year. Future will see the demand for chicken meat will be 1.3 million metrics tonnes. Globally, poultry export is dominated by USA and Netherlands accounting to 71.0 percent of the market in 2012. Figure 1.4 shows global production versus consumption of poultry from 2009 to 2013. The compound annual growth rate (CAGR) is 3.79 percent for production and 3.83 percent per annum for consumption. In Saudi Arabia, imports for poultry are forecast to expand to a record 825,000 tons on growing demand for ready-to-cook and processed poultry products, reflecting changes in tastes, preferences and demographics by the end of 2014. While in Iraq, imports for poultry are forecasted up 7 percent to a record 700,000 tons with a greater share of the market captured by Turkey at the expense of Brazil and the United States. Here, again the opportunity to capture market in Halal meat producing is widely open for Halal food manufacturers.

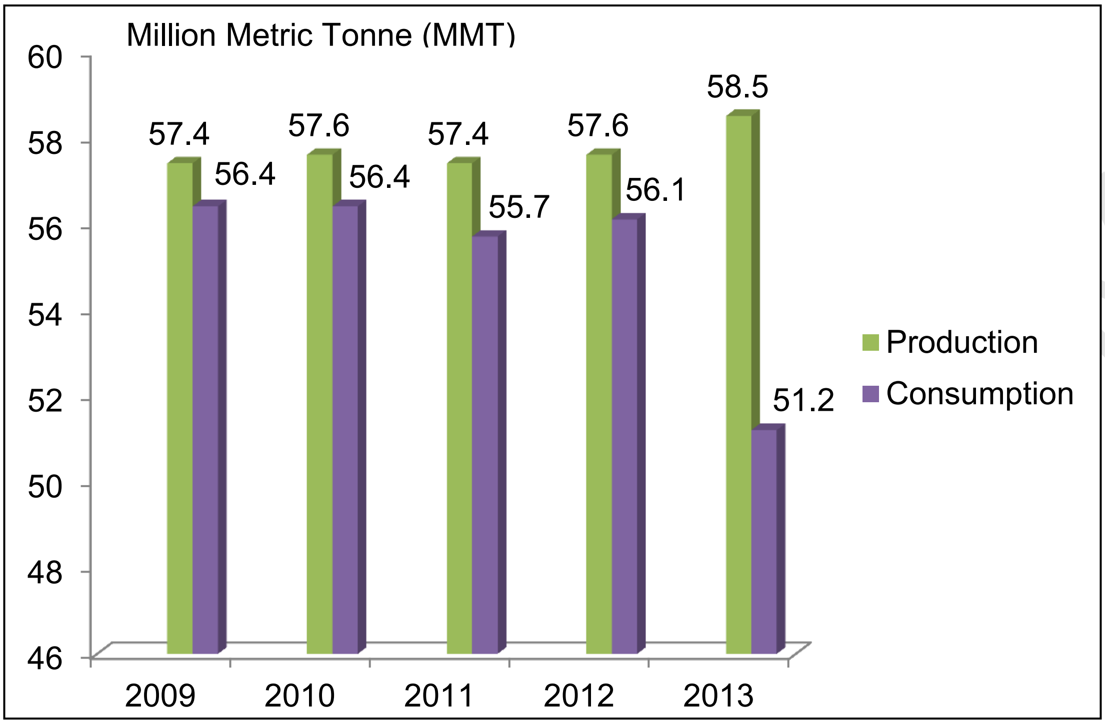
Figure 1.4: Global Productions vs. Consumption of Poultry, 2009 – 2013



Sources: United States Department of Agriculture (2014)

Meanwhile, for beef, global exports are dominated by United States, Brazil, Australia and Argentina accumulating to 75.0 percent of the market in year 2012. There is a mounting demand from East Asia towards beef. For broiler meat, growth continues from the Middle Eastern and Sub-Saharan African regions. Figure 1.5 shows global production versus the consumption of beef. The CAGR is 1.7 percent per annum for production and 1.9 percent per annum for consumption respectively. Figure 1.5 provides this information in detail.

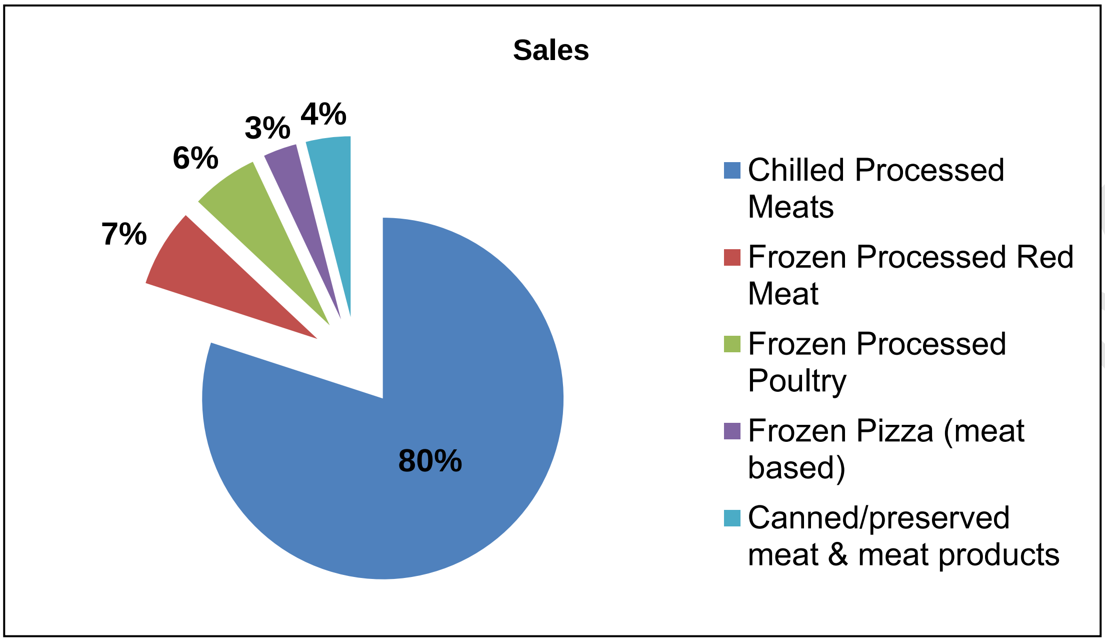
Figure 1.5: Global Productions vs. Consumption of Beef, 2009-2013



Sources: United States Department of Agriculture (2014)

With the expanding economy, rise in disposable income and increasing awareness of Halal food, Halal products particularly meat and meat-products will increase exponentially (Jamil, 2009). Based on the six countries mentioned earlier from the European Union, ASEAN and GCC, there is 80.0 percent of 58.6 million tonnes sales of Halal meat-based products in the year 2010 (GFRA Analysis, 2010). Figure 1.6 briefly shows the divided portion based on Halal meat products.

Figure 1.6 Sales of Halal Meat-based Products (2010)



Source: Eurostat, Euromonitor, Data Monitor & GFRA Analysis (2010)

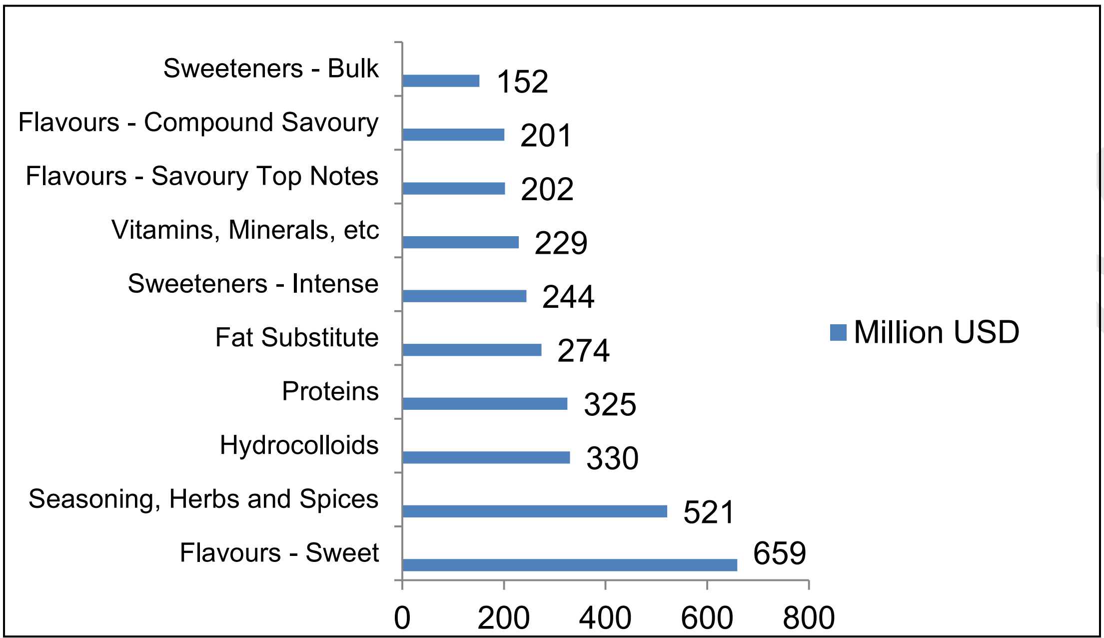
Food manufacturers must grab, opportunities and the market must be tapped in maximizing profits. In order to achieve profit maximization, supply should be high when the demand is high. Table 1.4 provides examples of opportunities in processed food. Again, 10.0 percent of this market constitutes USD1.8 billion in potential revenue for the Halal industry player who chooses to capitalize on it. Figure 1.7 shows top ten growth segments for food ingredients from year 2005 to 2010.

Table 1.4: Examples of Opportunities of Halal Processed Food in 2010

Products	Consumption of Halal Processed Food in Key Import Locations (USD Million)			
	SINGAPORE	SAUDI ARABIA	FRANCE	NETHERLANDS
Confectionary	137	658	4, 590	1, 434
Ready Meals	198	8	3, 201	603
Canned Preserved Food	63	311	2, 500	396
Chilled Processed Food	48	-	1,122	1, 337
Sauces Dressing and Condiments	54	347	473	559
TOTAL	500	1, 324	11, 886	4, 329

Source: Euromonitors, USDA reports (2010)

Figure 1.7: Top 10 valuable segments for Halal Food Ingredients (2005-2010)



Source: Euromonitors, USDA reports (2010)

1.4 Halal Certification

Halal certification is represented by a logo for consumer convenience to detect the halalness of products that are being sold by any food manufacturers. The following sections discuss global Halal certification.

1.4.1 World Halal Certification

In most countries especially within the Muslim regions, Halal is closely related with religious issues. There are not many countries which have a solid policy emphasizing or standardizing Halal certification and at most, Halal qualification is put under labelling laws. As per issuing the Halal certification, most countries have appointed agencies, associations, councils or bureaus to certify manufactured products or services. Different criteria being imply by the agencies or associations in issuing the Halal certificate. Some of the requirements including that of the company to be owned by a Muslim, only Halal food and beverages are allowed to be brought on the premises and also the manufacturer must comply the Good Manufacturing Process (GMP) and health standards. Currently, there are no unified Halal standards or Halal logos in the world or even among the Muslim countries. Table 1.5 shows some of the Halal logos with their issuing authority from around the world.

Table 1.5: Halal Logos around the World

NO	COUNTRY	ISSUER (SECTOR)	LOGO
1	**Australia**	Australian Halal Food Services (AHFS) (Private)	
2	**Austria**	Islamic Information and Documentation Centre (Private)	
3	**Argentina**	The Halal Catering Argentina (Private)	
4	**Belgium**	Halal Food Council of Europe (HFCE) (Private)	
5	**Brazil**	Federation of Muslims Associations in Brazil (Non Government Organizations)	
6	**Canada**	Halal Montreal Certification Authority (Non Government Organizations)	

7	**China**	China Islamic Association (Non Government Organizations) Islamic Association of Henan (Non Government Organizations)	
8	**Chile**	Centro Islamico De Chile (Non Profit Institutions)	
9	**France**	Ritual Association of Lyon's Great Mosque (Association Ritualle de la Grande Mosquee de Lyon) (Non Government Organizations)	
10	**Germany**	HALAL CONTROL e.K. EU Pruef- und Zertifizierungsstelle fuer Halal-Lebensmittel European Inspection- and Certification Body for Halal-Food (Private)	
11	**India**	Halal Committee-Jamiat-Ulama-E-Maharashtra (Non Profit Institutions)	

12	**Indonesia**	The Indonesian Council of Ulama (MUI) (Government)	
13	**Italy**	Halal International Authority (HIA) (Private)	
14	**Japan**	Japan Muslim Association (Non Government Organizations)	
15	**Kenya**	Kenya Bureau of Halal Certification (KBHC) (Non Profit Institutions)	
16	**Korea**	Korean Muslim Federation (Non Government Organizations)	

17	**Netherlands**	Control Office of Halal Slaughtering B.V & Halal Quality Control (Private)	
18	**New Zealand**	Federation of Islamic Associations of New Zealand (FIANZ) (Private)	
19	**Pakistan**	Jamea Markaz Uloom Islamia Mansoora (JMUIM) (Non Government Organizations)	
20	**Philippines**	National Commission on Muslim Filipinos (NCMF) (Private)	
21	**Poland**	The Muslim Religious Union of Poland (MRU) (Non Government Organizations)	
22	**Singapore**	Islamic Religious Council of Singapore (MUIS) (Government)	

23	**South Africa**	National Independent Halaal Trust (Non Government Organizations)	
24	**Sri Lanka**	All Ceylon Jamiyyathul Ulama (Private)	
25	**Switzerland**	Halal Certification Services (Non Government Organizations)	
26	**Taiwan**	Taiwan Halal Integrity Development Association (THIDA) (Private)	
27	**Thailand**	The Central Islamic Committee of Thailand (CICOT) (Non Profit Organizations)	
28	**Turkey**	KAS ULUSLARARASI SERTİFİKASYON GÖZ. TEK. KONT. HIZM. LTD. ŞTI. (KASCERT INTERNATIONAL) (Private)	

29	**United Kingdom**	The Muslim Food Board (UK) (Non Profit Organizations) Halal Food Authority (Non Profit Organizations)	
30	**United States of America**	Islamic Food and Nutrition Council of America (IFANCA) (Non Profit Organizations)	
31	**Vietnam**	Halal Certification Agency, Vietnam (Private)	
32	**Brunei**	Lembaga Mengeluarkan Permit Import Halal, Bahagian Kawalan Makanan Halal, Jabatan Hal Ehwal Syar'iah (Government)	

Source: Department of Islamic Development Malaysia (2014)

Among the Halal logo listed above, IFANCA (United States of America) Halal certified products can be found almost in every country of the world and cover all food industry categories. IFANCA has been recognized and endorsed by most of the religious and governmental organizations around the world including Malaysia. IFANCA has been hosting many conferences since 1999 and really support the idea of having the Halal Hub in any country around the world.

1.5 About Hub

Hub is defined as the effective centre of an activity, region or network (Wendy, 2013). In this chapter, we will discuss a food hub, world Halal hub and later about Malaysia Halal hub.

1.5.1 Food Hub

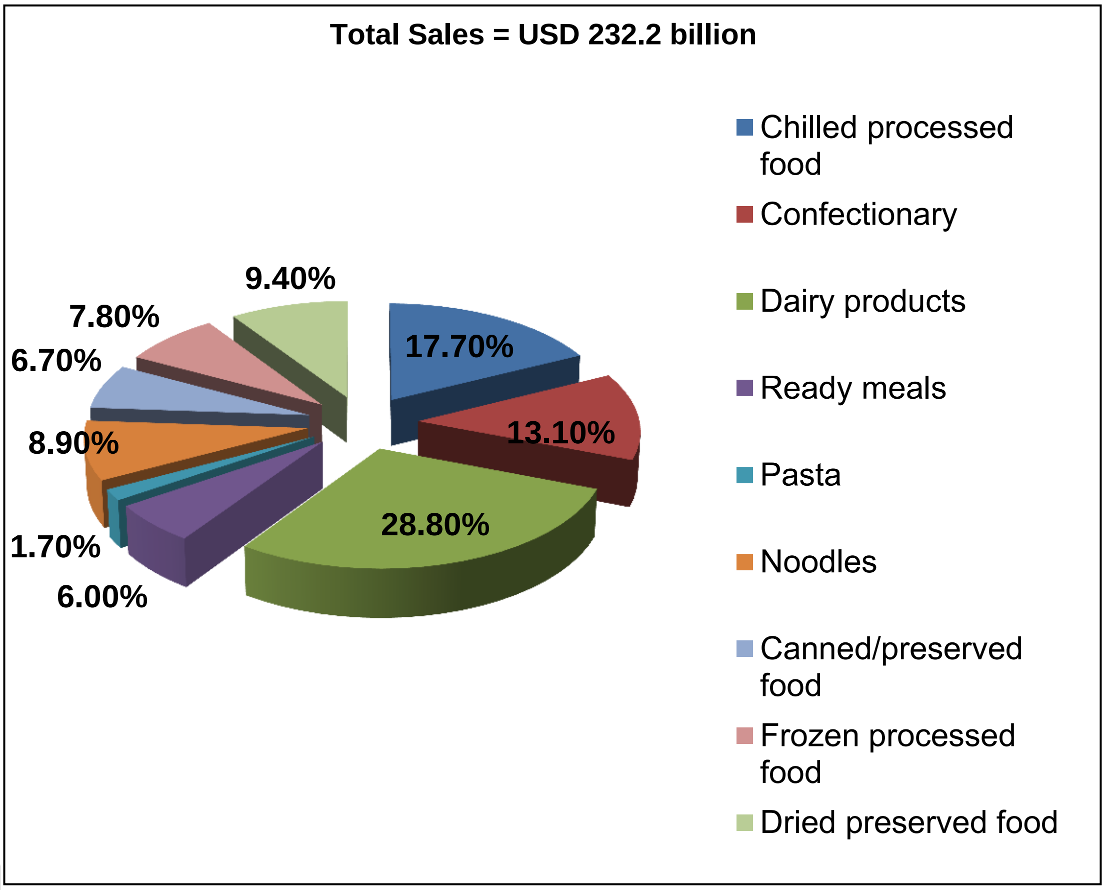
Recently, food hubs have received various attention and gained popularity from different groups of people who have interests related to food, agriculture, community and economic development worldwide. These include the food manufacturers, suppliers and also small medium companies. The food hub concept itself has been seen as an organizational vehicle for these groups to collaborate, synergize and create positive change among themselves, their members and the local food systems. A research has been conducted by The UC Davis (2010) team which defined food hub as a physical site for aggregation, storage, light processing, and distribution of food products from small to mid scale farms within a region.

Basically, there are few models of a food hub around the world including the non-profit driven oriented model, the producer and entrepreneur model, the state driven model, the wholesale or retail driven model, the consumer driven model which is widely accepted and the virtual food hubs (USDA, 2011). Each of these food hubs has their own advantages and risks. Mostly, these models of food hubs are being implemented around the developed countries such as in the Unites States and Canada. Slowly the Asia region is trying to imply the same indicators to develop their own food hub based on various strategies including the gathering of Halal products and services in one transhipment place.

1.5.2 World Halal Hub

A Halal hub, also known as Halal Park is a community of manufacturing and services business located in a common property (Jamil, 2008). In other words, it is a fully equipped centre that has a great infrastructure and is regarded as one of the building blocks of the Halal industry. In addition, a hub is also a wide array of hygienic facilities and needs an integrated approach to maintain the standards. The main objective of being appointed as Halal hub is to improve the economic performance of the participating companies while minimising their environmental impact. There are many advantages in obtaining the title of world Halal hub including getting the opportunity to have the ‘green’ design park structure, control of production processes, access to the raw materials and ingredients, inter-company linkage and liaisons. As of this day there are no specific places being gazetted as the World Halal Hub. In theory, to be promoted as the global Halal Hub, the designated country must ensure that it can provide a suitable place to connect the global Halal supply chain and proper certification for Halal assurance. The Halal business industry that caters to 1.7 billion Muslims, through World Halal Hub is a great opportunity for a country to boost its economic performance. This is not only limited to food and beverages, but it includes all products and services such as apparel, materials and banking services. Factors that force a country to strive for being recognized as the World Halal hub are the growth of the Muslim population, the increasing demand for Halal food products by consumers of other religions and the rising income and higher purchasing power of consumers. These consumers demand safe and high quality Halal food. Unfortunately, incidences of Halal fraud have really shaken the trust of consumers. That is one reason for the need of a Halal hub though which each process can be monitored thoroughly and any impurity traced diligently. Figure 1.8 shows the retails sales of Global Halal Processed Food for year 2011.

Figure 1.8: Retail Sales of Global Halal Processed Food 2011

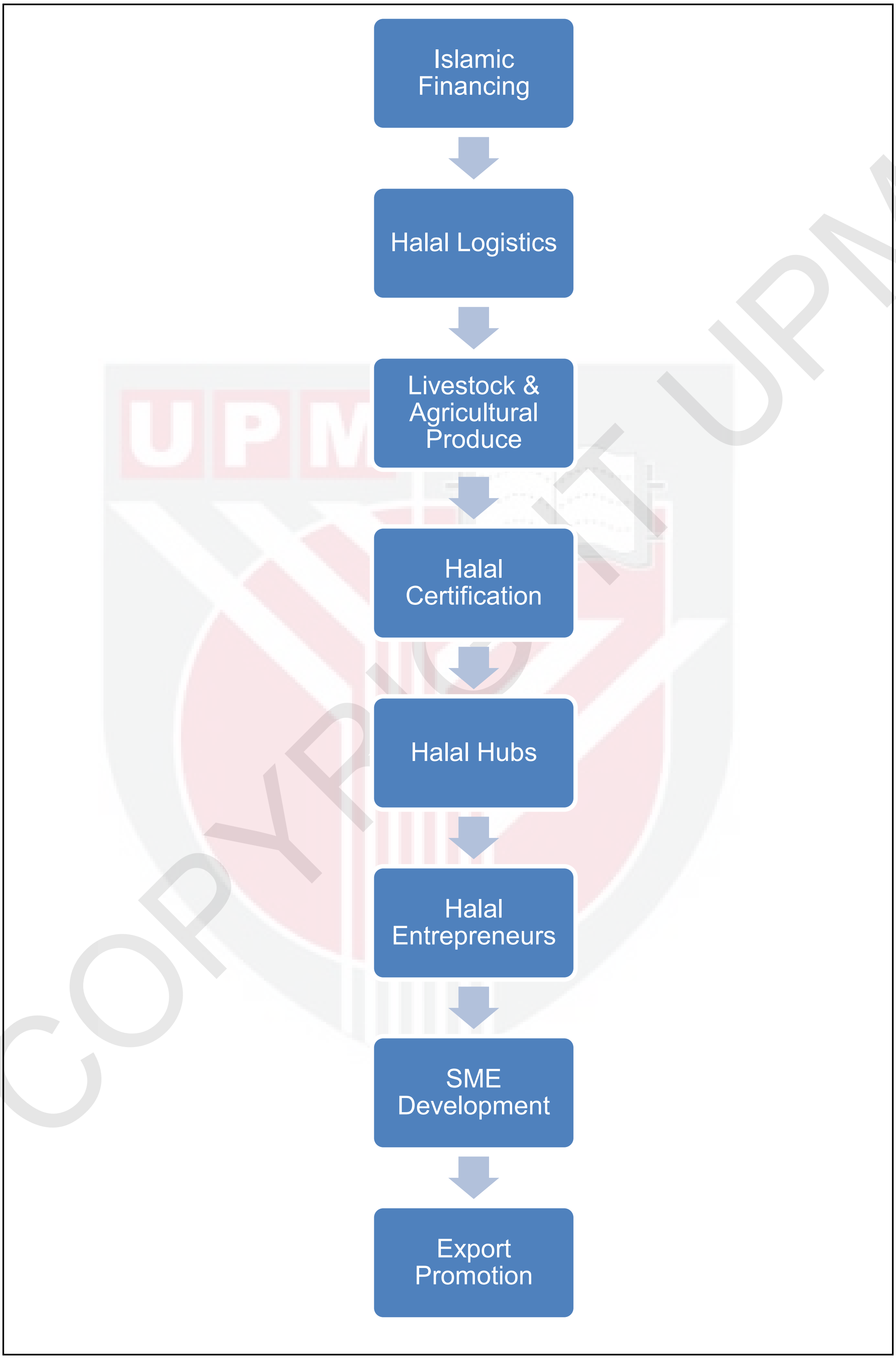


Source: Euromonitor (2011)

There is a need of intelligent marketing strategy and the right supply of chain orientation to become the World Halal Hub. Figure 1.9 shows the Key components of a Halal supply chain value.

The strong linkage between producers and consumers strongly generates the intention of a country to become a Halal Hub. Apart from Malaysia, few other countries are seriously vying for the title of World Halal Hub including Turkey and Pakistan. These countries are also member of the Organization of Islamic Cooperation (OIC).

Figure 1.9: Halal Supply Chain Value Key Components



Source: Halal Development Company (2011)

1.6 The OIC Countries

The Organisation of Islamic Cooperation (OIC) is an international organization grouping 57 countries from five regions in Europe, South America, Middle East, Asia and Africa. Table 1.6 shows the members of the OIC with their Muslim population.

Table 1.6: Members of the OIC as ended 31st December 2013

COUNTRY		REGION	MUSLIM POPULATION	MUSLIM % OF TOTAL POPULATION
i.	Republic of Azerbaijan	**European**	8 795 000	98.4
ii.	Republic of Albania		2 601 000	82.1
i.	Republic of Suriname	**South American**	84 000	15.9
ii.	Republic of Guyana		55 000	7.2
i.	Jordan	**Middle East**	6 397 000	98.8
ii.	Afghanistan		29 047 000	99.8
iii.	United Arab Emirates		3 577 000	76.0
iv.	Uzbekistan		26 833 000	96.5
v.	Iran		74 819 000	99.6
vi.	Pakistan		178 097 000	96.4
vii.	Bahrain		655 000	81.2
viii.	Tajikistan		7 006 000	99.0
ix.	Turkey		74 660 000	98.6
x.	Turkmenistan		4 830 000	93.3
xi.	Saudi Arabia		25 493 000	97.1
xii.	Syria		20 895 000	92.8
xiii.	Iraq		31 108 000	98.9
xiv.	Oman		2 547 000	87.7
xv.	Palestine		4 298 000	97.5
xvi.	Kyrgyz		4 927 000	88.8
xvii.	Qatar		1 168 000	77.5
xviii.	Kuwait		2 636 000	86.4
xix.	Lebanon		2 542 000	59.7
xx.	Egypt		80 024 000	94.7
xxi.	Yemen		24 023 000	99.0
i.	Malaysia	**Asia**	17 139 000	61.4
ii.	Indonesia		204 847 000	86.1
iii.	Brunei Darussalam		211 000	51.9
iv.	Bangladesh		148 607 000	90.4
v.	Kazakhstan		8 887 000	56.4
vi.	vi. Maldives		309 000	98.4

i. Uganda	**Africa**	4 060 000	12.0
ii. Benin		2 259 000	24.5
iii. Burkina-Faso		9 600 000	58.9
iv. Chad		6 404 000	55.7
v. Togo		827 000	12.2
vi. Tunisia		10 349 000	99.8
vii. Algeria		34 780 000	98.2
viii. Djibouti		853 000	97.0
ix. Senegal		12 333 000	95.9
x. Sudan		30 855 000	71.4
xi. Sierra Leone		4 171 000	71.5
xii. Somalia		9 231 000	98.6
xiii. Gabon		145 000	9.7
xiv. Gambia		1 669 000	95.3
xv. Guinea		8 693 000	84.2
xvi. Guinea-Bissau		705 000	42.8
xvii. Comoros		679 000	98.3
xviii. Cameroon		3 598 000	18.0
xix. Cote D'Ivoire		7 960 000	36.9
xx. Libya		6 325 000	96.6
xxi. Mali		12 316 000	92.4
xxii. Morocco		32 381 000	99.9
xxiii. Mauritania		3 338 000	99.2
xxiv. Mozambique		5 340 000	22.8
xxv. Niger		15 627 000	98.3
xxvi. Nigeria		75 728 000	47.9

Source: The OIC official website (http://www.oic-oci.org/home.asp) (2013) and Pew Research Centre (2011)

Darhim Hashim, the Chief Executive Officer of International Halal Integrity Alliance once presented his findings which stated that out of 57 OIC members, less than five countries have Halal certification bodies; less than half of the countries have Halal import regulations and none has a domestic Halal Act. However, an effort has been seriously geared by the OIC countries to prepare for the Halal food standards. They have set up their own Standing Committee for Economic and Commercial Cooperation for the OIC called COMCEC. On the 25th session of the COMCEC (2009), three documents were finalized. There were the OIC General Guidelines on Halal Food, Guidelines for Bodies Providing Halal Certification and Guidelines for the Authorized Accreditation. Unfortunately, all these documents have yet to be approved by all the OIC countries. OIC members have a large potential in tapping global Halal market. As their Muslim population is more than 1.0 billion, the opportunities to produce and market Halal food are very wide. By right, as the prominent organization and leader in the Islamic foundation, OIC should be the frontier in providing a world class Halal hub as well as uniformity in Halal certification. Back in 2003, this was where Malaysia took a stepping stone as the Chairman of OIC and pushed the OIC members to come out with a consensus on Halal standards among themselves.

1.7 Malaysia and Halal Food

Food production in Malaysia is being monitor closely by the Government either for domestic or international market in term of their halalness and toyyiban. There is a body that has been established to ensure the halalness of the production process along with the ingredients used in manufacturing of Halal food products. The source and the way the animal being slaughter in case of meat and meat product is also being monitored seriously. Halal certification will be issued to those manufactures that used and processed food in Halal and toyyiban ways. Thus the Halal certification is becoming important in informing consumer about the halalness of the products. This made the Halal certification is being sought by food manufacture in order to expand their market to OIC members' countries and to give confidence to Muslim consumers.

Halal is a value proposition that exists within key elements of the supply chain of the interconnected industry sectors. Moreover, Malaysia has the components of a complete Halal Ecosystem. One of the leading consultancy groups in supply chain management; MDS Consultant Group, has provided pictorial evidence of the complete Halal ecosystem. Figure 1.10 clearly illustrates the ecosystem for a better understanding. The Halal Development Corporation has proposed this framework to the government in year 2010 and government has taken this framework into consideration to be implemented in stages since 2010.

Figure 1.10: Proposal by HDC of Malaysia as complete Halal Ecosystem

Sources: MDS Consultant Group, 2011

1.8 Malaysian Food Manufacturing

Malaysia and its food industry are multi cultural in almost every sense of the word. The food-processing sector contributed for about 10.0 percent of Malaysia's manufacturing output. Processed foods are exported to more than 200 countries, with an annual export value of more than RM 13.0 billion. This amounts to two-thirds of the total food exports of over RM 20.0 billion in 2012. Despite this, Malaysia continues to be a net importer of food products with annual import of more than RM 36.0 billion in 2012. Advances in processing technology have widened the usage of local raw materials, expanding the range of products and increasing the investment absorbing capacity in the food industry (Malaysian Investment and Development Authority, 2012).

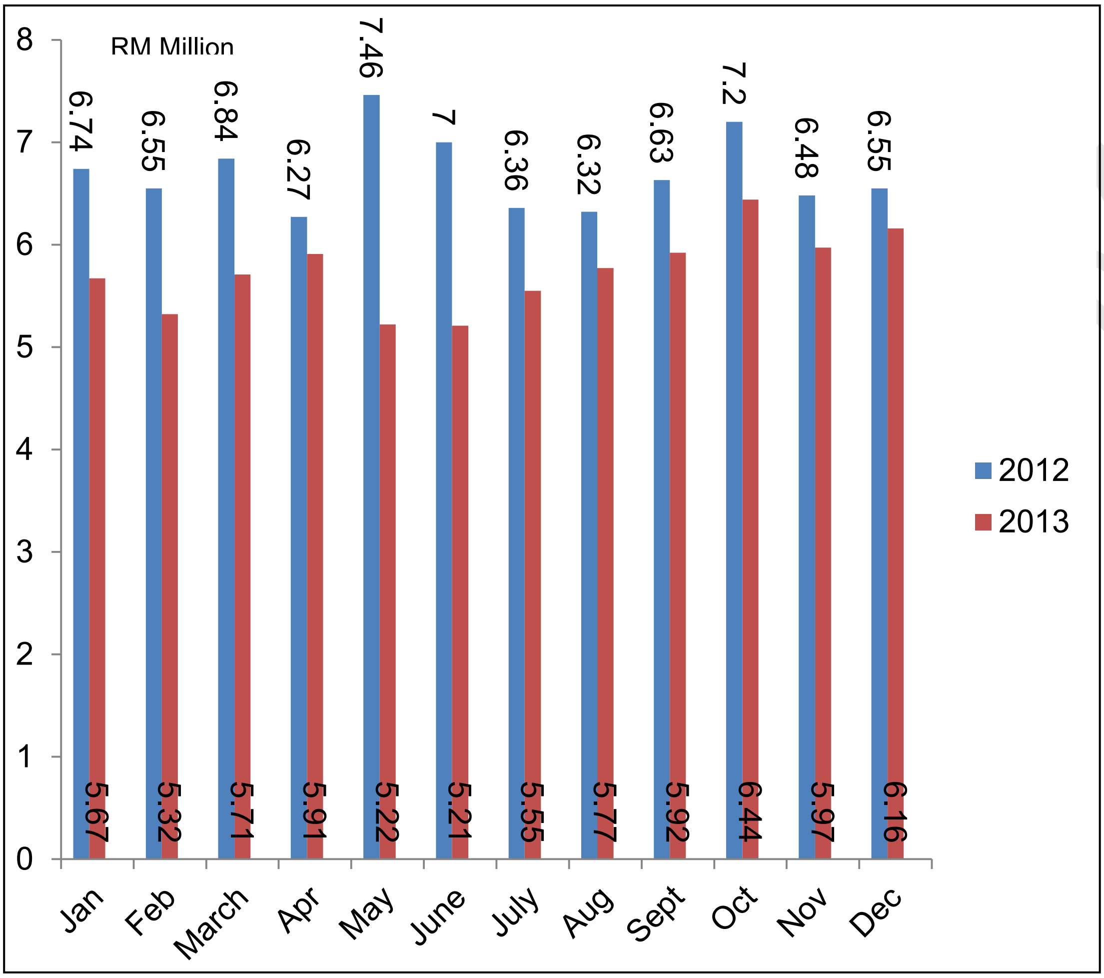
Malaysia exports food products to more than 200 countries and the main products include cocoa worth RM 3.0 billion, fishery products RM 2.5 billion, margarine and shortening amounted to RM 2.4 billion and also livestock worth RM 1.2 billion. The main food products imported in 2013 were cereals, cocoa, vegetables and fruits, dairy products and animal feed. Import of raw materials for manufacturing industries such as cereals and dairy products will continue for further processing for human consumption and for use as animal feed.
The food industry in Malaysia is being dominated by small and medium enterprises.

There are several major sub-sectors of the area including fish and fish products, livestock and livestock products, fruits, vegetables and cocoa. Fishery product sub-sector includes processed seafood such as frozen fish and canned crustaceans and mollusks, surimi and surimi products. This sub-sector so far has remained as the largest contributor to food exports.

In the live stock sub-sector, Malaysia is the third largest poultry producer in the Asia Pacific region and it is self-sufficient with its poultry and eggs demand, but still needs to import about 80.0 percent of beef to cover its local demand.

Malaysia has been ranked fifth in the world as the cocoa processor and it is the largest in Asia. However, most of the cocoa beans are imported. Other than that, Malaysia is also one of the world's major producers of spices. In 2013 Malaysia was the largest exporter of pepper and pepper-related products such as processed pepper and pepper sauces. Figure 1.11 shows the total agricultural food that was export by Malaysia in 2012 and 2013 (Department of Statistics, 2013). From the total, about 5.1 percent are Halal foods.

Figure 1.11: Malaysia Agricultural Exports 2012-2013



Source: Department of Statistics, 2013

1.9 Malaysia Halal Industry

In the year of 1974, the Department of Islamic Development Malaysia, also known as JAKIM, has started to be involved to confirm the status of Halal on consumer food products and goods in Malaysia. It all begins when the Research Centre of the Islamic Affairs Division of the Prime Minister's Office started to issue Halal certification letters for products that met the criteria. After 20 years, Halal confirmation status was given in the form of a certificate with a Halal logo. Later on 30th September 1998, Halal inspections were carried out by a company that has been appointed by the government named Ilham Daya.

On 1st September 2002, the government decided that all Halal certification activities will be conducted by JAKIM's Food and Islamic Consumer Products Division. At this moment, the division has only 28 positions. After realizing that the development of the food industry in Malaysia has go beyond tremendously plus to meet the needs of the Muslim population, on 17th November 2005, the Public Service Department of Malaysia approved a total of 165 positions from different schemes, grades and designations and create the Halal Hub Division.

On April 2nd 2008, the Halal Industry Development Corporation took over the management of all Halal certification activities. As one of the key players ensuring that Malaysia has achieved its entire Halal target is the Halal Industry Development Corporation (HDC). HDC was established on 18th September 2006 as a private company wholly owned by the Malaysian Government and it directly reports to the Ministry of International Trade and Industry (MITI). It mainly provides support to local and international businesses that wish to participate in the Halal market. Every year, HDC organizes World Halal Research Summit (WHR) which provides an international platform for researchers to introduce, explore and discuss the latest updates on research findings, emerging technologies, trends, issues and challenges in Halal food industry worldwide. Besides that, through WHR, networking at international level is established and this leads towards the development of knowledge based on human capital which is important for the growth of Halal industry in Malaysia and the rest of the world. Parallel with the session, the Ministry of International Trade and Industry (MITI) with the organization by Malaysia External Trade Development Corporation (MATRADE) holds the Malaysian International Halal Showcase (MIHAS). Since 2004, MIHAS is being held yearly and has had an impact as the largest congregation of Halal industry players. There are various Halal goals in the 9th Malaysia Plan including the development of Malaysia as a stop centre for the certification of Halal products and the promotion of the system throughout the world. However the Malaysian Cabinet meeting held on July 8, 2009, has resolved the HDC authority for issuing Malaysian Halal certification and JAKIM took back over the important roles.

1.10 Malaysian Halal Food Company

The concept of Halal is associated with food products which are of high quality in terms of sanitation, cleanliness and sharia compliances. It is suggested that Malaysia's food manufacturer can get into joint ventures with established food manufacturers especially from Australia and New Zealand to cater to the ASEAN, Middle East, European and perhaps the US Halal food markets and respond to their growing Muslim population. Malaysia showed tremendous increment in terms of Halal market size from 2004 till 2013. According to the Halal Development Corporation report, the Malaysian's Halal industry is increasing from USD 6.6 billion to USD 9.4 billion and it has been increase to USD 13.0 billion in 2013. Table 1.7 shows Malaysian's Halal market size.

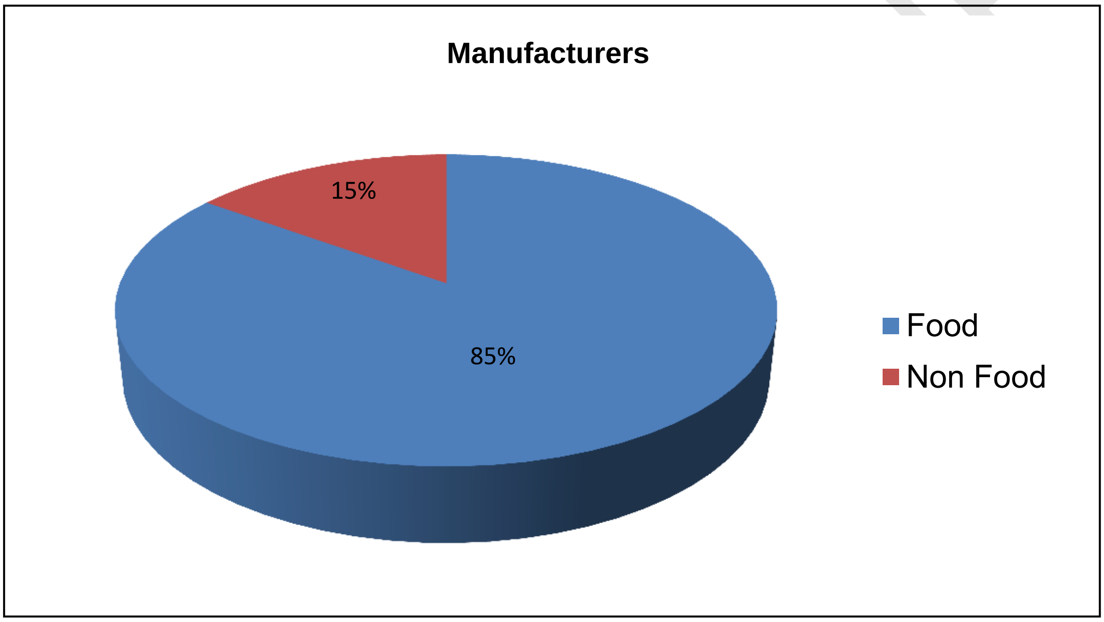
Table 1.7: Malaysia's Halal Market Size Domestic and International

YEAR	2009	2010	2011	2012	2013
MARKET SIZE (USD)	8.2 BIL	9.4 BIL	10.6 BIL	11.8 BIL	13.0 BIL

Source: Halal Development Company (2013).

Halal Food Companies in Malaysia are divided into two categories. First, the services including restaurants, hotels, and food outlets of both fast food or franchise types. Second category is manufacturing comprising of beverages, snacks, biscuits, slaughtering houses, etc. It has been estimated that 70 percent are Services Companies and the remaining 30 percents are manufacturing companies. Since December 2010 up to 2012, a total of 3900 companies have received Malaysian Halal certification (HDC, 2012). Figure 1.12 categories Halal certified companies into food and non food manufacturers.

Figure 1.12: Halal Manufacturers Percentage based on Food and non Food Category



Source: Halal Development Corporation (2012)

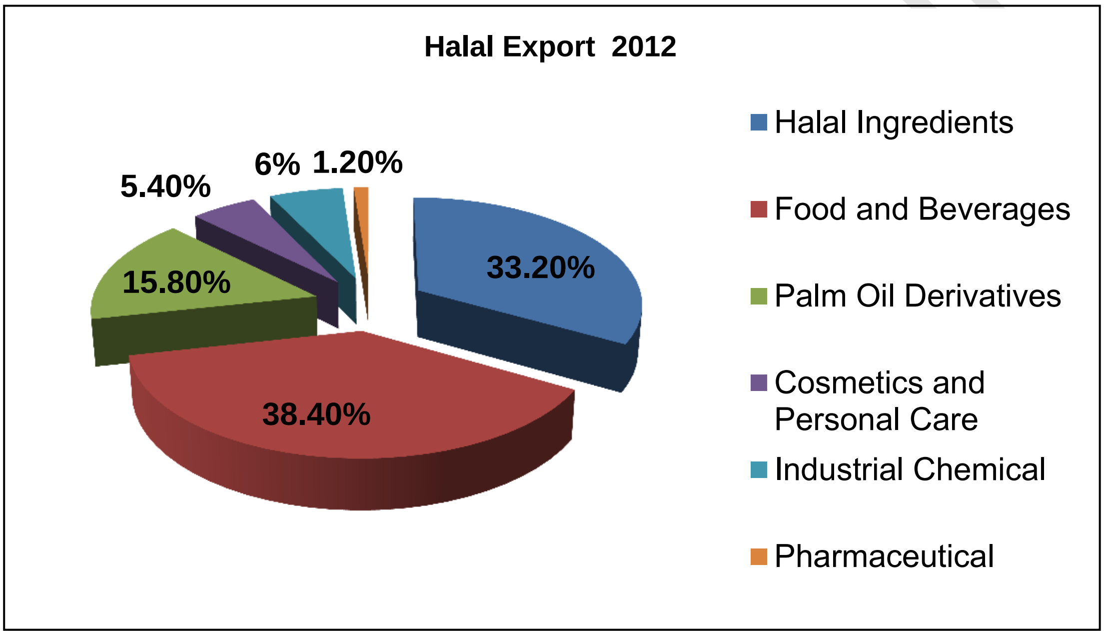
The Malaysian food manufacturers have taken the initiative of being the main global distribution centre for Halal products called Malaysia Mart in Dubai (DPMM). This center promotes Malaysian processed Halal food and beverages as well as other Halal products. There are a number of Malaysia food manufacturers being rewarded with prestigious awards worldwide including the MM Vita Oils Private Limited for Halal Ingredients Award and Kartfoods Private Limited in Halal Specialty Process.
Business opportunities in the Halal sector are expanding rapidly and this is not just with the food products. It includes a wide range of products and services from pharmaceuticals, cosmetics, healthcare, finance, toiletries, and other non-consumables items. Greater awareness and availability of Halal products will further boost the Halal market (New Straits Times, 13 April 2009). As being announced in the Halal Development Corporation portal, Malaysia has a total Halal export of RM 32.0 billion in 2012. Table 1.8 and Figure 1.13 provide the information relevant.

Table 1.8: Malaysian Total Halal Exports in 2012

Products	RM (million)
Ingredients	10.6
Food and Beverages	12.3
Palm Oil Derivatives	5.1
Industrial Chemical	2.0
Cosmetics and Personal Care	1.7
Pharmaceutical	375.6

Source: Malaysian Halal Development Corporation (2013)

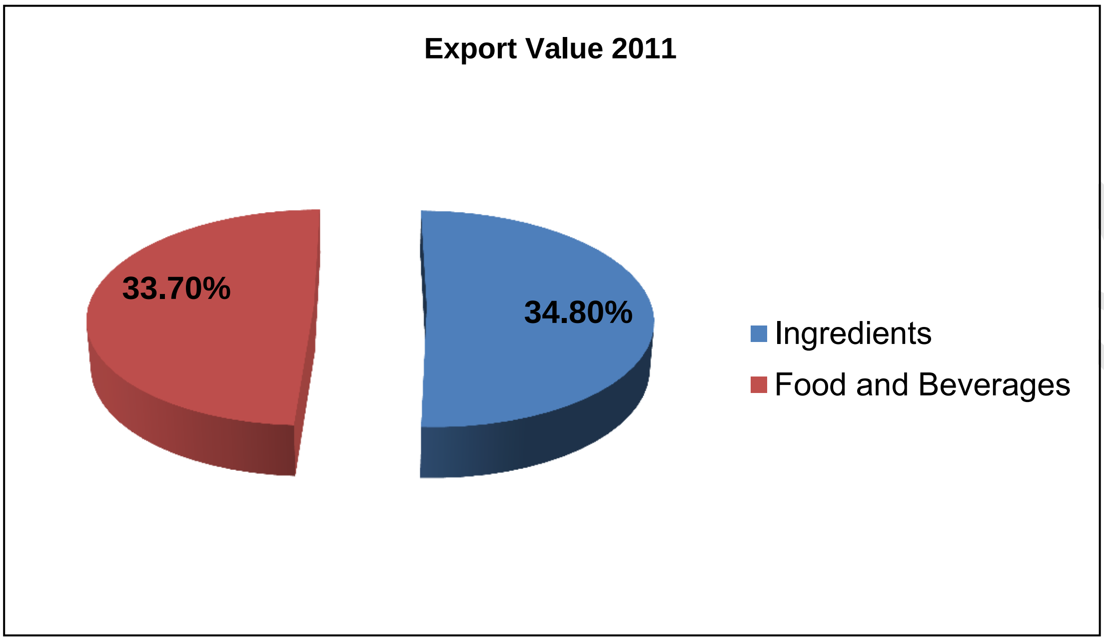
Figure 1.13: Malaysian Halal Export Percentages



Source: Malaysian Halal Development Corporation (2013)

Malaysian Halal exporters covered top 10 destinations including China, Singapore, United States of America, Indonesia, Netherlands, Thailand, Japan, India, South Korea and Philippines. While among OIC countries, Malaysia has exported USD 25.0 billion of food products in year 2011. Over 40.0 percent of Malaysian exports were food and beverages and ingredients which consist of USD 11.1 billion. Figure 1.14 shows the export value within OIC country for 2011 for F&B and ingredients.

Figure 1.14: Export Value within Malaysia – OIC 2011



Source: Malaysian Halal Development Corporation (2013)

1.11 Halal issues in the OIC Countries

Obviously, the OIC does not have a consensus in having a standardization of Halal certification as well as one place to be gazetted as the Halal hub. Apart from that, issues have risen in several countries questioning about the Halal certification process and integrity.

For instance, in Maldives, there are no specific Halal standards. There was some effort put in to draft regulations on Halal Products in 2011. However, the inspection of products that came through their port was only limited to restrictions on pork, pork products and alcohol. There was dissatisfaction among the stakeholders regarding the regulation as reported during the Malaysian Technical Cooperation Programme *(*MTCP) training program on Halal standards and conformance infrastructure for OIC countries in 2011.

Secondly, in Jordan the term Halal itself is a critical subject of discussion and receives a wide attention from the government itself. The local authorities have drafted a system that grants Halal logo to their local products. The system has been prepared by a technical committee including representatives from various sectors such as Jordan's Trade Ministry, Agricultural Ministry, Jordan Food and Drug Administration (JFDA), Jordan Organization for Standards and Metrology (JSMO) and also Department of General Ifta. Too many institutions are involved which has led to disagreement on many matters (Jordan Country Report, MTCP Training Program on Halal Standards and Conformance Infrastructure for OIC Countries, 2011).
Whereby, in Malaysia, according to ex Deputy Minister of International Trade and Industry (MITI), Datuk Mukhriz Tun Mahathir, our local Halal entrepreneurs have not been able to meet the huge demand of Halal Food in

our global market. The failure to deliver at least one container of products for each delivery has given the opportunity to other foreign entrepreneurs such as those from Thailand, New Zealand to penetrate the international market. Small industries in local areas have created their own products based on their own brand names. These products have potential Muslim consumers around the world but unfortunately, they cannot meet the demand due to several factors including lack of capital and low amount of raw materials. It has been suggested by some of the institutions such as MATRADE that they should combine all the local products and come out with 1 brand name. But it seems, this suggestion is not being accepted by many of the local manufacturers (MATRADE, 2010).

Since January 2011, JAKIM has given authority to each of Jabatan Agama Islam Negeri (JAIN) to process each Halal application promptly on behalf of JAKIM and the processing time is no more than 30 days. It has been suggested that JAKIM get assistance from a third party to conduct the lab testing and run the analysis as well as the offsite inspection. It may involve food technologist, chemists or even experts from any local universities. This can accelerate the process further. The same goes with other institutions such as MOA and MOH for other standard certification applications. They have increased the number of qualified staff to process applications and even though it has become faster but it is still far slower than expected.

The main concern in the context of international trade, from a global point of view, is the big uniformity and consensus of having one standard Halal certification and one global Halal hub among the OIC countries.

1.12 Problem Statement (PS)

Halal products are fast gaining worldwide recognition and this is not merely because the growth of the Muslim population but more significantly, because Halal is being recognized as a new benchmark for safety and quality assurance. Halal food is highly sought after, not just by the 1.7 billion Muslims around the world, but by people from diverse races and religions who are looking for cleaner and purer food.

The Malaysia government has showed her seriousness in setting the Halal certification as its main goal from NAP3 (1998-2010) until DAN (2011-2020) and want to establish the country as a global Halal food hub. The move towards a globally accepted Halal certification involves the industry players as they know the business best. One of the reasons why the industry cannot grow faster despite the rising demand for Halal products worldwide is because there is no consensus on a Halal standard. As being mentioned earlier, each country has its own certification body, which leads to disagreement over issues such as animal feed, slaughtering methods, packaging, logistics, the source of ingredients and other issues. Industry players are the ones who understand best what is needed and what to expect from their consumers. Furthermore, trade in Halal products and services can provide greater opportunities for business linkages among companies from the OIC countries. As an organization that carries an Islamic name and is represented by most Muslim nations, OIC should take the initiative to show unity, understanding and awareness especially regarding Halal related issues to other trading blocks. One of the methods is through linkages that can be established through trade in finished products and supply services as well as in creating an intra-OIC outsourcing potential for the companies. In achieving the target of uniformity, Malaysia can take the lead. Malaysia with a strategic location, high technology in research and development, fully equipped with expertise in Halal verification, strong government support plus high awareness among Muslim and non Muslim consumers and manufacturers have proven to be the most suitable country that can issue International Halal Certification and become a global Halal hub. These factors should not be over looked when other OIC countries vote for Malaysia. However there is still not enough evidence to show the extent the industry players from the OIC countries perceive the Malaysian Halal Certification and logo as an international standard or Malaysia as the leader in Halal certification for all Muslim countries.

Marketing wise, with the awareness of Halal requirement to satisfy the customers' religious obligations and the improvement of standard Halal food and increase in disposable income especially in the Middle East, South Asia and some European countries such as France and Spain with a sizeable Muslim population, the potential market for Halal products is extraordinarily huge. But the industry cannot grow fast enough, if the OIC manufacturers and other industry players do not reach an agreement on the international and standard Halal logo. Malaysia is serious to position itself as the Halal food hub in the Asian region and to be the pioneer in the globalization of Halal certification. At the same time, some of the country such as Turkey and Pakistan claim that their country's certification should be implemented by the whole OIC countries and they also should be gazetted as global Halal hub.

Other than the attitudinal, normative and self-control factors, the possible barriers of acceptance of Malaysian Halal certification and Malaysia as global Halal hub may explain why the OIC members' food manufacturers feel reluctant to acknowledge Malaysian involvement in Halal matter. Some of the barriers perceived by the food manufacturers could be lacking of knowledge, low level of awareness, budget constraint or maybe because of the slow process of getting Malaysian Halal certification.

Finally, the demographic factors should also be considered in understanding various factors that influence food manufacturer's intention to accept Malaysian Halal certification and Malaysia as global Halal hub. Different groups of interest may demonstrate different intention of acceptance. Therefore, understanding the differences between groups would provide better insights on the intention to accept Malaysian Halal certification and Malaysia as global Halal hub.

1.13 Research Questions

From the discussion above, the following are the research questions:-

i. How important is the Malaysian Halal certification for the OIC countries?

ii. What are the factors which influences the intention to accept Malaysian Halal certification and Malaysia as global Halal hub?

iii. Is there any relationship between the attitude of the OIC food manufacturers with their intention to accept Malaysian Halal certification and Malaysia as global Halal hub?

v. What are the company background that gives higher impact towards accepting Malaysian Halal certification and Malaysia as Halal hub?

vi. Which is the most favourite country to be chosen as global Halal hub?

1.14 Research Objectives

The study intends to identify the acceptance and attitude of the OIC countries food manufacturers and marketers towards Malaysian Halal certification and Malaysia as Halal hub for the OIC member countries.
The specific objectives of this study are:

i. to examine the importance of Malaysian Halal certification;

ii. to determine the underlying factors influencing OIC member countries intention to accept Malaysian Halal certification and Malaysia as global Halal hub;

iii. to investigate the relationship between factors significantly influencing food manufacturers' intention to accept of Malaysian Halal certification and Malaysia as global Halal hub;

iv. to examine the mediating role which is attitude in the relationship between knowledge and food manufacturers' intention to accept of Malaysian Halal certification and Malaysia as global Halal hub; and

v. to determine the demographic variables (religion, level of education, position, country of origin, etc.) that may moderate the relationship amongst variables in the model.

1.15 Significance of the Study

Currently, only a small number of studies have explained food manufacturers' intentions towards success especially in international platforms. The aim of this study is to reveal the determinants and factors of international success that can be useful for all food manufacturers. It can contribute to the existing knowledge of how intentions can impact success in the global arena. This study is significant to the following groups:

1.15.1 The Food Manufacturers

Food manufacturers can become more motivated when they know of barriers and stepping stones that can affect their entrepreneurial intentions and be able to use the knowledge to make a shift in the right direction to broaden their businesses. The study will be able to guide them in formulating the most effective marketing strategies and be able to create competitive advantages in the market place.

1.15.2 The Researchers and Academia

This study can help either directly or indirectly to better understand other studies already done in this area. It can be a guide to those who are focusing on the country's interests in Halal food productions.

1.15.3 The Government

The results of this study will be made available to the Ministry of International Trade and Industries (MITI) and other concerned bodies, to enhance current policies involving penetrating international markets especially since the demand for Halal products are extremely high in Asia region including Malaysia (Halal the Market, The Future, World Halal Forum Executive Review, 2006).

1.16 Organization of the Thesis

This study is divided into six chapters. Chapter 1 is the introduction to the research which gives broader knowledge of the Halal food, Halal hub, the OIC members' food manufacturers and a clear picture of the issues involved in conducting the study. It also contains the problem statement, objectives and the significant of the study. Chapter 2 elaborates the underlying theory and the review of literature from the most recent and relevant studies in this field. In Chapter 3, the methodology that is adopted in this study and the statistical analysis techniques employed in the analysis of the data are presented in detail. Chapter 4 explains the descriptive analysis of the survey data for the level of confidence, awareness and attitude. Chapter 5 presents and elaborates on the results and the analysis of the Structural Equation Modelling. Chapter 6 summarises all major findings, limitations and contribution of the thesis and suggestions for future research in this area.

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