The European Proceedings of
Social & Behavioural Sciences
EpSBS

Future Academy ISSN: 2357-1330

http://dx.doi.org/10.15405/epsbs.2017.12.02.35

ISMC 2017
13th International Strategic Management Conference

A STUDY ON THE PERFORMANCES OF HALAL PRODUCT CERTIFIED FOOD ENTERPRISES

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Abstract

Products which meet the requirements of Islamic laws are accepted as halal. The Halal certificate is an economic element that emerged in the 1970s. It is not very old in Turkey but it has since gained increasing importance for both producers and consumers alike.

Consumers, especially those in countries where Muslims are in the minority, tend to prefer halal certified products in packaged food preferences. The interest of Turkish enterprises towards obtaining the halal food certificate is increasing every day.

There are studies in the literature that examine consumers' perceptions of halal food products. Research on the interest and results of enterprises regarding the halal food certificate is not available in our country. In the study, changes in the number of countries that they export after having certified of Halal certified producers were investigated and no significant increase was observed. The greatest reason why businesses have a certificate is the "customer demand". Halal certified companies are informed about Kosher certification. The R & D and advertising expenditure of companies are another subject that has been explored. In this sense, the present study is in a position to serve as an example and to contribute to knowledge on the subject.

In the study, surveys were sent to 271 food enterprises with halal product certification in Turkey from different channels. Thirty six of the enterprises which were sent the survey responded to the questionnaire. Reliability analysis, factor analysis and the One-Sample Kolmogorov-Smirnov test were performed by the SPSS program.

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Keywords: Halal food, Halal food certificate, Kosher certificate, Food Enterprises.

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1. Introduction

Due to the increased religious sensitivities of societies, “documentation that food is produced and suitable for consumption according to religious laws” has begun to be an important element of competition in addition to other requirements for the food and beverages sectors.

In studies in the marketing literature, it is argued that religion as a key player of culture greatly influences consumer behaviours and purchasing decisions (Essoo and Dibb, 2004). When consumers buy products, they may consider their religious beliefs and purchase some products just because they meet their religion’s requirements, while other products may not be bought just because they do not do so (Torlak, 2012).

The Halal food certificate, which was used exclusively for export in previous years in Turkey, is now beginning to be used in domestic marketing. Although legislation on the labelling of food does not require the "Halal" certificate, it possible to see on the packaging of companies that halal production has come to the foreground over the last few years.

With processed halal foods being marketed by multinational companies, demand for these products has begun in global markets (Riaz, 2007). Halal food, or halal products in general, have begun to be seen not only as a religious phenomenon but also as a symbol of quality assurance and a lifestyle in business and commerce (Lada et al., 2009).

The halal products industry has been growing rapidly in recent years. It consists mainly of food products, but also includes the health, cosmetics, tourism, logistics and education sectors (Yener, 2011). It is estimated by some researchers that the Muslim population will account for 27% of the world’s population in 2030 (Yusuf and Yajid, 2016), so it is expected that the industry will grow even larger. The halal food and life market is an important economic indicator with a worth of 2.3 trillion dollars in 2015 and this figure continues to increase every year (Yusuf and Yajid, 2016). Non-Muslim consumers also prefer halal certified products because they are believed to be more hygienic and reliable. This is a sign that the market will grow even bigger. It is estimated that the demand for this industry, mainly for halal food, will rise more rapidly than the rate of increase in the Muslim population in the coming years.

It is impossible for a company with vision to remain indifferent to the growing halal food sector and the opportunities offered by the industry all over the world.

2. Related Literature

Studies on halal products have been conducted in different countries for various purposes. Most of these studies reflect the perspectives of consumers (Kurtoğlu, Çiçek. (2013). There are fewer studies on trade volume and the opportunities that it creates. Some of these studies are given below.

In a study by Bonne and Verbeke in 2008, the authors examined the validity of the status and control of the halal meat market serving Muslim consumers in Belgium. As a result, it has been determined that customer segments have different characteristics (Bonne, & Verbeke, 2008).

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The study by Yusof and Shutto in 2014 covered the development of halal food markets in Japan and assessed the growth potential of the market (Yusof, & Shutto, 2014).

In the study conducted by Aziz and Chok in 2013, it was revealed that halal documentation, promotion efforts and brand were positively related (Aziz, Chok, 2013).

In 2009, a study conducted by Wan-Hassan and Awang in New Zealand explored the administrative and promotional efforts of restaurants operating in New Zealand on halal food. As a result, it has been determined that promoting halal food for restaurants is not important (Wan, & Awang, 2009).

In the study conducted by Razzaq et al. in 2016, the authors evaluated the ability of New Zealand to meet the needs of the halal tourism sector. As a result of the research, the potential was determined (Razzaq et al, 2016).

In the study by Samori and Sabtu in 2014, the authors were concerned with developing halal standards in the Malaysian hotel industry. As a result, it has emerged that the country has a great potential as income (Samori, & Sabtu, 2014).

3. Purpose and Scope of the Study

The halal products industry has increased considerably throughout the world in recent times. At first, there was a demand mainly in countries where Muslims lived as a minority. Nowadays, Non-Muslims also demand halal certified products because they are believed to be healthier and more hygienic. Companies are now keen to participate in this profitable market, which increases every year.

This study primarily considered the export performance and certificate perception of halal certified food producers in Turkey.

Purpose of the research; To determine the change in the number of countries exported after obtaining certification of the halal certified companies in Turkey, to reveal the investments of R & D and advertising expenditure for certified enterprises, to reveal the perceptions of Kosher certification enterprises and most importantly, To be able to determine the reasons for receiving Halal Certificate.

As the field of the research, we chose enterprises which have a valid halal food certificate and are certified by TSE and GIMDES (Association of Research on Food and Nutrition Material Inspection and Certification).

4. The Importance of the Study

Today, Muslims constitute one-fourth of the world's population and, by 2025, this figure is expected to rise to 30%. According to the Islamic Food and Nutrition Council of America (IFANCA), when a company receives a halal certificate for any product, the customer can buy the product with the knowledge that the product meets religious requirements and does not contain any suspicious substance. The products and services of halal certified manufacturers are recognised world-wide with this certificate and thus they can benefit from widespread consumer demand for their products. (Rajagopal vd., 2011: 138).

In order for Turkish companies to participate in this market, it is necessary that they obtain a halal certificate.

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While there have been studies examining consumer perception towards halal certified products, very few studies have been conducted on halal certified companies. In this sense, the present study can also be viewed as a source.

5. The Method Used in the Study

In this descriptive research, we only focused on companies that have the Halal certificate because of our special interest in the subject. Companies that have been granted the certificate by different institutions and NGO's in Turkey are not recorded in a common central register. A survey was sent to 271 food companies that were certified by TSE and GİMDES, but only 36 companies completed it.

The survey consists of open- and close-ended questions. General questions were asked to define the companies, the educational status of managers, expenses in terms of advertising and R & D, and knowledge of the Kosher certificate. Questions were also asked as to their reasons for obtaining halal certification and about the volume of exporting countries before and after receiving the Halal food certificate.

6. Analysis and Findings

The data of 36 questionnaires obtained from halal food certified enterprises were analysed by the SPSS Statistical Package Program. As a result of the research, various statistical analyses were applied to the data obtained for the purposes of the research.

In order to measure the reliability of the questionnaire, all questions were included in the reliability analysis and the Cronbach Alpha value was found to be 0.842. The reliability of the questionnaire was accepted to be quite high (P> 0.5). The One-Sample Kolmogorov-Smirnov Test was performed to test the parametric distribution of the data. All data were found to have a p-value of less than 0.05 in the test results. Therefore, all our data were accepted as Non-Parametric.

Table 01. Reliability Analysis

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	Number of Items
7.802E-5	0.842	74

The activity centres of the 36 responding companies are in 17 different cities. Istanbul is the city with the highest participation in the survey.

Table 02. Legal structure of enterprises

		Frequency	Percent
Valid	Incorporated company	26	72.2
	Limited company	9	25.0
	Other Company Types	1	2.8
	Total	36	100.0

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From the table, we see that 72% of the enterprises with halal food certificates which returned the survey are joint stock companies and 25% are limited companies. Also, 179 companies of the 271 surveyed companies are joint stock companies. One participating company operates as a private company.

The operating periods of the companies range from 3 years to 115 years. The highest frequency in terms of operating period was 7-36 years.

In the table below we see the employee numbers of the participating enterprises, which can also be viewed as data for determining the professions of the enterprises.

Table 03. Number of Employees

Number of Employees (Range)		Frequency	Percent
Valid	1-25	4	11.1
	26-50	9	25.0
	51-100	8	22.2
	101-250	7	19.4
	251-1000	6	16.7
	1001 and over	2	5.6
	Total	36	100.0

There are 1634 and 2800 employees in the two enterprises that employ the most workers. The highest frequency range is in companies that employ between 26 and 50 workers. The ability of halal food certification to provide opportunities for small and medium-sized enterprises and to open up to new markets is clearly understood from the number of employees of the surveyed enterprises.

One of the survey questions was about the educational status of the business managers. The table below present the data.

Table 04. Educational Status

		Frequency	Percent
Valid	Middle school, High school	9	25.0
	Associate Degree, Bachelor Degree	15	41.7
	Graduate	12	33.3
	Total	36	100.0

The number of managers who have undergraduate and higher education levels increases in companies which are mostly of a joint stock company type. Managers who are secondary and high school graduates are usually the company owner managers.

Table 05. Reasons for Obtaining Halal Certificate

		Percent
Valid	Due to customer request.	38.9
	To facilitate export operations.	19.4
	To increase our brand value.	8.3
	To document product quality in every way.	19.4

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To compete with competitors in the industry.	13.9
Total	100.0

"Why did you obtain the Halal certificate?" The question is an open-ended one and is categorised very carefully. Customer request comes first in the reasons given. The fact that some countries require the certificate for export and fair operations and enterprises want to document their products quality with a certificate are a few of the important reasons.

The list of certificate issuers is given below. All of the enterprises surveyed at the beginning of the study are those listed in the TSE and GIMDES databases. New institutions are added every year to these 2 institutions which grant certificates in our country. Unfortunately, there is not a valid central authority in our country that gives Halal Certificates. This creates some flexibility and different perceptions in the rules required for halal food certification.

Table 06. Certificate Granting Organisation

		Percent
Valid	TSE	55.6
	GİDES	33.3
	RoyalCert	2.8
	ICRIC	5.6
	Jakim	2.8
	Total	100.0

The responses of participating halal food certified companies in terms of product groups are given in the table below. Dairy products and bakery products take first place in the survey, while red meat and salt producing enterprises take the second place.

Table 07. Certified Product Groups

Produed Product group		Percent
Valid	Dairy products	13.9
	Red Meat and Meat Products	11.1
	Salt	11.1
	Spice	8.3
	Juice	5.6
	Legumes	5.6
	Edible Oil	8.3
	Bakery Products	13.9
	Water	2.8
	Chocolate	2.8
	Chicken	2.8
	Honey	2.8
	Acid Free Drink	2.8
	Pasta, Starch	5.6
	Halva, Turkish Delight	2.8
	Total	100.0

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Companies were asked how many years they have held a halal food certificate. The answers ranged from 1 to 7 years. The highest frequency values are 5 and 9 years.

In the survey, questions were asked to determine whether Halal-certified businesses had R & D budgets for new product development and advertising expenditures for having halal certificates. In addition to the question, spending budgets were asked. Responses from businesses; the privacy of the data or that it was not fully registered.

Table 08. Have there been R & D and Advertising Expenditures in the Last 3 Years?

Research and Development Expenditure		Percent	Advertising Expenditure		Percent
	No	69.4		No	50.0
Valid	Yes	30.6	Valid	Yes	50.0
	Total	100.0		Total	100.0

As a result of the analysis, the ratio of R & D investment of the enterprises in the last 3 years was reported as 69.4%. Another question asked in the questionnaire was whether the operator had produced a new product in the last year and 38.9% of respondents answered no. The question, on advertising spending provided a 50% Yes – 50% No response. We believe that if labelling legislation is changed in our country, enterprises will spend more on advertising to emphasise that they have a Halal certificate.

In order to measure the export motivations of the enterprises, 66.6% of the enterprises answered no in response to the question "Have you participated in foreign fairs?" The decisions of these companies, which are reluctant to participate in trade fairs, are a separate matter for examination. Turkish enterprises, which have the potential to receive a higher share of the world halal food market, should be encouraged to aim for 500 billion export targets.

One of the most important questions about the performance of enterprises is "Do you export?" The answers are given in the table below and 58.3% of the certified enterprises answered "Yes".

The table below lists the number of countries that companies export to both before and after they obtained a halal food certificate. From the answers, it is seen that the positive impact of the Halal certificate is very limited. Decreases are seen in some markets, but it could not be shown that these decreases are related to halal certification. In the answers to open-ended questions in the questionnaire, information on the effect of competitors and international sales prices is available. The increase in the value of the dollar was suggested by business managers as the biggest negative factor.

The table also shows that some enterprises found new markets after receiving the halal certificate.

Table 09. Countries to which participating enterprises export

Export Countries	**Number of Exporting Enterprises (Before Certificate)**	**Number of Exporting Enterprises (After Certificate)**
Lebanon	1	1
Iraq	8	9
Saudi Arabia	11	10
Germany	11	10
Hong Kong	1	2

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Vietnam	1	1
Yemen	2	1
Georgia	1	2
Libya	1	1
United Arab Emirates	8	6
Iran	3	1
Canada	2	1
Syria	5	5
Algeria	1	1
Poland	1	1
Azerbaijan	3	3
Belgium	4	3
Ukraine	2	2
Bulgaria	3	2
Romania	1	2
Italy	2	2
Turkmenistan	3	2
USA	4	5
Netherlands	5	4
France	4	2
Israel	3	2
Britain	4	3
Russia	1	0
South Korea	2	1
Tajikistan	0	1
Malaysia	0	1

In the questionnaire questions were asked about the Kosher certificate, which is older than the Halal food certificate.

The percentage of those who have knowledge of the Kosher certificate is 88.9%, while 27.8% of the enterprises have the Kosher certificate.

"Do you intend to obtain a Kosher certificate?" The answers and ratios are given in the table below.

Table 10. Do you intend to obtain a Kosher certificate?

		Frequency	Percent
Valid	We have a Kosher certificate. This is due to customer demand	10	27.8
	In the past, we had a Kosher certificate. We didn't renew it because of lack of demand.	2	5.6
	None. Not required by our customers.	6	16.7
	None. We don't export to the related market.	14	38.9
	We do not have any information about the Kosher certificate.	4	11.1
	Total	36	100.0

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It seems that Turkish enterprises do not wish to obtain Kosher certificates. Generally, the reasons why Turkish enterprises do not receive the certificate are as follows: no sales to Kosher markets (38.9%), not requested by current customers (16,7%), no knowledge of the Kosher certificate (11.1%). The ratio of enterprises which had a Kosher certificate in the past and didn't renew the certificate is 5.6%.

7. Conclusion and Discussions

Religious beliefs direct people's every behaviour. There are billions of people whose religious beliefs drive their consumption behaviour. Products with Halal food stamps and a Kosher certificate are examples of the consequences of this behaviour. Halal products are not only a religious matter they also mean hygiene and healthy product consumption. Halal certified products mean that the food is safe not only for Muslims but also for other religions.

Despite the fact that 271 enterprises were surveyed by fax, mail and telephone several times, the number of questionnaires received was only 36. Since the companies were not willing to share some investment and expenditure data, 2 factors were left out of the analysis.

In our country Halal certificates are given by TSE, NGOs and private companies. This creates some difficulties and was addressed by business managers in the interviews. They stated that some certification studies are conducted in a disciplined manner and according to certain standards, while others are not.

Some countries require halal food certificates from companies exporting to Muslim countries and participating in trade fairs. Turkish enterprises are also trying to seek certification to comply with these competitive conditions. Despite the fact that the proportion of certified enterprises out all enterprises is very small, the export rates are high.

There was no significant increase in the number of countries which imported goods from halal certified enterprises. Although there has been an increase in export volume we did not include this factor in the analysis as the respondents' answers regarding export volume before and after halal food certification were incomplete.

It is thought that in particular; consumers of meat and meat products, bakery products and dairy products, are more sensitive about halal food certification.

Since the Kosher certificate is an older and more recognised certificate in world markets, we found that enterprises know about it. While the reasons for those who have a certificate are customer demand and competition, the reasons given by those who do not are that they have no customers in that particular market or they do not want to be documented for various political reasons.

The fact that today's customers search for Halal logos on product packages and have increasing awareness of this issue are the main reasons for compelling enterprises to obtain the Halal certificate. The other important reasons for compelling enterprises to obtain the Halal certificate are that some markets require the certificate for export purposes, enterprises wish their products' quality to be documented and to comply with requirements.

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