

THE FACTORS TOWARDS THE AWARENESS OF HALAL LOGISTICS IN WP LABUAN

Mahathir Muhamad¹
Muhammad Naqib Mat Yunoh²
Zul Karami Che Musa³
Mohd Rushdan Bin Yasoa'⁴
Sharifa Najihah Binti Mohd Sharif⁵
Haslina Mohd Nor

^{1 2 3 4 5} Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan, Malaysia

Email: mahathir.m@umk.edu.my

⁶ Department of Logistics Management and Business Administration, Faculty of Defence Studies and Management, Universiti Pertahanan Nasional Malaysia

E-mail: haslina.mn@upnm.edu.my

Corresponding author: mahathir.m@umk.edu.my

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Abstract: The purpose of this report is to investigate the barriers to Halal Logistics awareness. Logistics plays a key role in ensuring the halal cleanliness and sanitation of halal food by ensuring efficient transportation, storage, warehousing, and handling of halal food along the supply chain until it reaches the table. In actuality, halal logistics is a technique for preventing contamination of perishable commodities, raw materials, and food items throughout transportation and delivery. As a result, previous research literature reviews are employed to explain the above assumption in this conceptual piece. The data for this concept paper was gathered via theological research using a qualitative technique. The conclusions of this research may assist government authorities in identifying challenges, barriers, and strengths that should be emphasized when pressuring logistics companies in Malaysia to embrace halal standards. All public and private sectors should cooperate to address the problems, difficulties, and strengths of halal implementation in logistics services.

Keywords: Awareness, Demand, Finance, Halal Logistics, Knowledge

Introduction

Halal Logistics is the process of managing the acquisition, movement, storage, and handling of materials, parts livestock, and completed goods via the organization and the "Supply Chain" in accordance with Islamic law's general principles. Halal logistics is centredⁱ on the separation of halal and non-halal items during shipping, storage, and terminal operations across all forms of transportation. In compliance with Halal requirements, Halal logistics handles material and information movement across the supply chain. Transport, warehouse storage, and terminal activities are all covered by the material flow. The management of data in the supply chain, such as product information, demand data, and Halal logistics labelling and code, is covered by the information flow. Halal logistics is a method of transporting and distributing perishable goods, raw materials, and food items without contaminating them. (Aug. 4, 2014, Science Direct Publishing Business)¹. Halal logistics, in reality, includes warehousing, transportation, and terminal operations. The establishment of these principles serves as a guide for developing a global halal logistics system, as well as minimizing hardship for the halal industry, defining cross-contamination between halal and haram and how to avoid it, evolving a complete halal value chain and supply chain, and benchmarking with existing standards and best practices. (Tieman, 2013)².

Literature Review

Knowledge

Knowledge is defined as "the fact or condition of understanding something with familiarity obtained by experience or association," according to Webster's Dictionary. In practice, however, many different, equally reasonable conceptions of knowing exist. The term "knowledge" is commonly employed "an entity's thoughts or understandings that are used to conduct effective action in order to attain the entity's purpose (s). This information is unique to the entity who developed it."

H0: There is negative influence of knowledge towards Halal Logistics.

H1: There is positive influence of knowledge towards Halal Logistics.

Demand

Halal logistics is still in short supply. Halal food cannot fill even 30% of the total halal warehouse capacity of the five halal LSPs, according to their claims. As a result, they fill this capacity with things like televisions that don't need to be segregated but don't pose a risk of contamination for halal meals. The lack of demand was attributed to the fact that halal logistics is not required for the granting of a halal certificate for halal food makers, according to the participants. Furthermore, the participants stated that the higher cost of halal logistics is due to the additional steps that must be taken, such as the ritual cleansing of vessels, when compared to conventional logistics, which is another reason for halal logistics services' low attractiveness among halal-food manufacturers (challenge h).

H0: There is negative influence of demand towards Halal Logistics.

H2: There is positive influence of demand towards Halal Logistics.

¹ Department of Standards and Malaysia, 2004 Department of Standards Malaysia. (2004). MS 1500:2004: Halal Food – production, preparation, handling and storage – general guidelines (first revision). Malaysia.

² Tieman, Marco. (2013). Establishing The Principles In Halal Logistics. *Journal of Emerging Economies and Islamic Research*.

Finance

Finance refers to the administration, creation, and analysis of money and investments. It specifically addresses how a person, organization, or government obtains money (referred to as capital in the business world) and how they spend or invest that money. The following main areas of finance are frequently used: personal finance, corporate finance, and public finance.

H0: There is negative influence of finance towards the Halal Logistics.

H3: There is positive influence of finance towards Halal Logistics.

Halal Logistics

Halal is an Arabic term that means "lawful" or "allowed". Haram, which means banned or unlawful in English, is the antonym. Halal does not simply apply to food products and does not only apply to issues that arise at the moment of purchase or consumption. Halal refers to the whole supply chain, from farm to fork. Transportation, warehousing, material handling, procurement, and other logistical operations must all be Halal. Halal logistics is comparable to traditional logistics in that it involves planning, executing, and managing the distribution and storage of Halal certified products.

Conceptual Framework

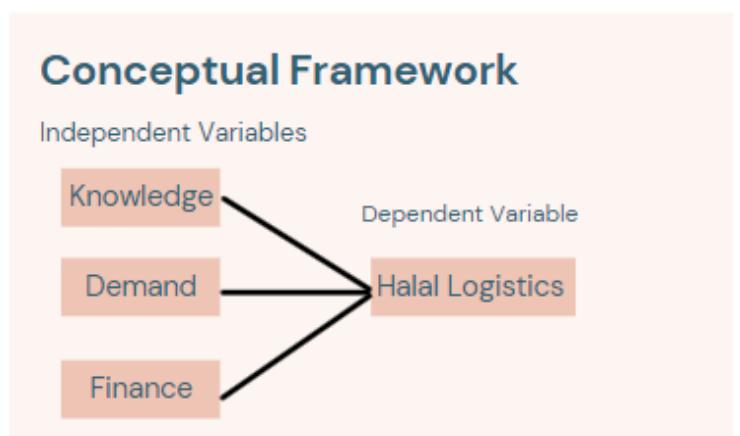


Figure 1: Conceptual Framework of Factors That Influence Awareness Towards Halal Logistics Among Residents in WP Labuan.

Methodology

Research Design

A research design, according to Epetimehin and Ekundayo (2011)³, is a structure that guides researchers through the process of performing a study. According to Zikmund (2003)⁴, research design is the main project that specifies the techniques, procedures, and processes that will be utilized to obtain and evaluate the data. In general, research design may be characterized as a framework for planning and carrying out a study. The data gathering strategy employed in this study was a quantitative approach.

³ Epetimehin, F. M. and Ekundayo, O. (2011). Organisational knowledge management: survival strategy for Nigeria insurance industry. *Interdisciplinary Review of Economics and Management*, 1(2), 9-15.

⁴ Zikmund, W.G. (2003) *Business Research Methods*. 7th Edition, Thomson/ South-Western

Data Collection

Data collecting methods, according to Sekaran (2003)⁵, are an important aspect of the research process. Two primary and secondary resources can be used to gather data and information.

Sample Size

A subset of the population is referred to as a sample size. The population from whom the samples were drawn was inhabitants of WP Labuan in this investigation. The best optimal sample size for this research is 383, Krejcie & Morgan Table (1970)⁶. There were 383 young customers who completed the questionnaires.

Research Instrument

The questionnaire consists of three parts, namely Section A, Section B and Section C. Section A collects data on the personal details of the respondents which include gender, age, race, and others. Section B is about independent variables, namely knowledge, demand and finance while section C is about the dependent variable which is about awareness towards Halal Logistics. There are five questions formed for each variable in this study questionnaire. Nominal scale has been used in Section A. The interval scale is applied to Section B and Section C using 5-Point Likert Scale.

Procedure for Data Analysis

Researchers used Statistics Programmers for Social Science (SPSS) version 26 to calculate the data faster and easier. Pilot test, descriptive analysis, reliability test, and Spearman correlation analysis is a type of data analysis used in this study.

Result and Data Analysis

Demographic Profile

For sample this study table shows that the demographic profile and screening question of the respondents of 407 participants among residents in WP Labuan. This can be seen by frequencies and percentage for every demographic analysis.

⁵ Sekaran, U. (2003) Research Methods for Business: A Skill-Building Approach. 4th Edition, John Wiley & Sons, New York

⁶ Krejcie, R. V., & Morgan, D. W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement*, 30(3), 607–610

Table 1: Descriptive of Demographic Analysis

| No. | Category | Details | Frequency (407) | Percentage (%) |
|-----|-----------------|--------------------------------------|-----------------|----------------|
| 1. | Gender | Female | 205 | 50.4 |
| | | Male | 202 | 49.6 |
| 2. | Status | Single | 271 | 66.6 |
| | | Married | 135 | 33.2 |
| | | Divorced | 1 | 0.2 |
| 3. | Race | Malay | 219 | 53.8 |
| | | Chinese | 52 | 12.8 |
| | | India | 26 | 6.4 |
| | | Others (Brunei, Iban, Bisaya, Bajau) | 110 | 27.1 |
| | | | | |
| 4. | Age | Below 20 years old | 10 | 2.5 |
| | | 21-25 years old | 287 | 70.5 |
| | | 26-30 years old | 85 | 20.9 |
| | | 31-35 years old | 25 | 6.1 |
| | | Over 40 years old | 0 | 0 |
| 5. | Education Level | PMR / PT3 | 0 | 0 |
| | | SPM | 35 | 8.6 |
| | | STPM | 56 | 13.8 |
| | | Diploma | 80 | 19.7 |
| | | Bachelor | 235 | 57.7 |
| | | Others (Pre-Diploma) | 1 | 0.2 |
| | | | | |

Reliability Test

Table 2: Reliability Test

| Questionnaire | Number of Items | Cronbach's Alpha |
|---|-----------------|------------------|
| Dependent Variable of Factor influencing Awareness Towards Halal Logistics | | |
| Halal Logistics | 5 | 0.693 |
| Independent Variable of Factor influencing Awareness Towards Halal Logistics | | |
| Knowledge | 5 | 0.676 |
| Demand | 5 | 0.815 |
| Finance | 5 | 0.962 |
| No of respondents (N) = 407 | | |

The results of the independent variable and dependent variable reliability analysis for this research are shown in Table 4.8. Knowledge has a Cronbach's Alpha of 0.676, Finance has a Cronbach's Alpha of 0.962, and Demand have a Cronbach's Alpha of 0.815. The dependent variable is then recorded as 0.693. This implies that the Cronbach's Alpha value indicates that all variables are consistent and stable. As a result, the dependability coefficients derived for this investigation are trustworthy.

Pearson Correlation

Table 3: Pearson Correlation

| | | K | D | F | HL |
|-----------|---------------------|----------|----------|----------|-----------|
| K | Pearson Correlation | 1 | .921** | .390** | .429** |
| | Sig (2-tailed) | | .000 | .000 | .000 |
| | N | 407 | 407 | 407 | 407 |
| D | Pearson Correlation | | 1 | .677** | .117** |
| | Sig (2-tailed) | | | .000 | .000 |
| | N | | 407 | 407 | 407 |
| F | Pearson Correlation | | | 1 | -.539** |
| | Sig (2-tailed) | | | | .000 |
| | N | | | 407 | 407 |
| HL | Pearson Correlation | | | | 1 |
| | Sig (2-tailed) | | | | |
| | N | | | | 407 |

**Correlation is significant at the 0.01 level (2-tailed).

The strength of the linear link between independent and dependent variables is measured using Pearson correlation analysis. When the link between variables is not linear, the strength of the association between variables is not well conveyed using the correlation coefficient. The correlation (r) between variables is between 0.429 to -0.539, according to the relevant analysis in Table 3. As a result, not all of the variables have a standard correlation, suggesting that they have a substantial association.

Discussion

Knowledge

According to the findings, knowledge among residents has a substantial influence on awareness towards Halal Logistics. Customer satisfaction is statistically significant at 0.000, which is lower than the alpha value of 0.01. Furthermore, the β - value indicates a positive association between consumer happiness and brand loyalty.

Demand

According to the findings, knowledge among residents has a substantial influence on awareness towards Halal Logistics. Customer satisfaction is statistically significant at 0.000, which is lower than the alpha value of 0.01. Furthermore, the β - value indicates a positive association between consumer happiness and brand loyalty.

Finance

Furthermore, the research demonstrates that among residents, finance has a considerable influence on the awareness towards Halal logistics. Finance is statistically significant at 0.000, which is lower than the alpha value of 0.01. Furthermore, β -value denotes a negative favourable association between finance and awareness towards Halal logistics.

Hypothesis Testing

Table 4 Hypothesis Data

| Hypothesis | Significant |
|--|--|
| H0: There is negative influence of knowledge towards Halal Logistics. H1: There is positive influence of knowledge towards Halal Logistics. | $\beta = 0.942$ $p = 0.000 < 0.01$ |
| H0: There is negative influence of demand towards Halal Logistics. H2: There is positive influence of demand towards Halal Logistics. | $\beta = 0.316$ $p = 0.003 < 0.01$ |
| H0: There is negative influence of finance towards the Halal Logistics. H3: There is positive influence of finance towards Halal Logistics. | $\beta = -0.771$ $p = 0.000 < 0.01$ |

Recommendation and Conclusion

The researcher makes a proposal and an alternative to overcome such limitations. Because this survey was limited to young consumers in WP Labuan, it is suggested that further research be done on other generations and locations in Malaysia, rather than only WP Labuan.

Aside from that, the researcher advises that one-on-one dialogue might prevent respondents from misinterpreting the survey results. When utilizing a smartphone, researchers may respond quickly to their actions and speak more about their feelings.

The researcher may also quickly reveal and interpret various dialects to assist those respondents who have difficulty understanding English. This will prevent responders from providing inaccurate and misleading information as a result of their just answering the question rather than providing a precise explanation of the smartphone product. As a result, the whole question will be answered with awareness and learning. Finally, in order to elicit a positive response from the responder, we must first create a pleasant environment for them. This will make it easier for them to complete the survey with no weight.

This research focuses on the factors that influence the awareness of Halal Logistics among the residents in WP Labuan. Because all of the Cronbach's Alpha coefficients are larger than 0.6, all of the independent variables (knowledge, demand and finance) have a meaningful link to the dependent variable, the basic condition of reliability has been met (Halal Logistics). According to the findings of an investigation conducted to assess if knowledge, demand and finance have an influence on Halal logistics, all independent variables had a substantial impact. The findings reveal that variables impacting awareness towards Halal Logistics have a significant effect among residents in WP Labuan. This investigation was completed successfully.

Acknowledgment

The purpose of this report is to investigate the barriers to Halal Logistics awareness. Logistics plays a key role in ensuring the halal cleanliness and sanitation of halal food by ensuring efficient transportation, storage, warehousing, and handling of halal food along the supply chain until it reaches the table. In actuality, halal logistics is a technique for preventing contamination of perishable commodities, raw materials, and food items throughout transportation and delivery. As a result, previous research literature reviews are employed to explain the above assumption in this conceptual piece. The data for this concept paper was gathered via theological research using a qualitative technique. The conclusions of this research may assist government authorities in identifying challenges, barriers, and strengths that should be emphasized when pressuring logistics companies in Malaysia to embrace halal standards. All public and private sectors should cooperate to address the problems, difficulties, and strengths of halal implementation in logistics services.

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