

Placing Trust on Online Traceability to Verify Halal Product Information

Universitas Muhammadiyah Malang, Indonesia
Djoko Sigit Sayogo

1. Aim

In global markets, placing trust on Halal product becomes challenging. This is because the lengthening of supply chain, propagation of cases of dishonest use of Halal logo, and fragmentation in Halal certifications create information barriers to trust. Increasing transparency on product information using web or mobile apps is argued to improve consumers' understanding of product qualities. This paper presents an exploratory study on understanding the process by which Muslim consumers place values on transparency efforts mediated through web and mobile apps.

2. Data & Methods

Data for this study was collected using a survey questionnaire of students enrolled in a private university in Indonesia in March 2015 with a total of 188 responses received. To provide some context for the research, a decision-making assignment based on Halal product purchasing decision was distributed among all students before answering the survey. We analyzed our data using multivariate regression with robust standard errors.

3. Results

Our findings indicate that majority of respondents value the capability to trace a product's compliance to Halal principles. On average, 61% of respondents agree on the importance of having capability to trace products' compliance to Halal principles. Their perceptions on the levels of importance of the traceability depend on the technology and the source of information. The respondents place high value (79%) on having the ability to verify that a product complies with Halal practice through web or mobile apps, while only providing links to a website is perceived as less important. Furthermore, the consumers trust on the source of information also affects their perception. Links to a government website is perceived more trustworthy (62%) as compared to a company website (56%) or an NGO's website (48%).

Subsequently, our regression results show that consumers who generally believe Halal certification agencies and who are concerned with the health values of the products are more likely to trust the ability to trace product information. The results also demonstrate that more reputable certification bodies are associated with an increase on consumers' trust on the ability to trace product information. As expected, consumers' suspicion on the company practices increases with a self-declared Halal label which then escalated their trust on the ability to trace product information. Interestingly, the results also indicate the significant power of a company's reputation. Muslim consumers in Indonesia tend to relax their trust on the ability to trace product information if the product is produced by reputable companies.

4. Conclusion

Our findings indicate that Muslim consumers in Indonesia value the ability to trace products' compliance with Halal principles via web and mobile applications. The consumers' trust on the ability to trace Halal compliance is significantly influenced by several determinants, foremost are their belief on the Halal certification agency (MUI), certification label from reputable organizations, and the company's reputation. Our findings thus augment the importance of institution in contributing to the ways for developing consumers' trust.