

The Preferences of Muslim Consumers' Behaviour on Halal Food based on the Utility Maximization Theory

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Abstract

Halal is no longer just purely a religious issue. It has involved business and trade globally. Furthermore, halal has become a part of quality assurance as well as a healthy lifestyle to be adopted by people today. Halal products are not haram (prohibited) and are known as Shari'ah products. Halal products will ensure that they are Shari'ah-compliant as they exclude haram ingredients, involve exploitation of labour or environment, and are not harmful to the public. Nowadays, most Muslims are aware of the importance of Halal products as per the rules and regulations prescribed by ALLAH SWT in the Al Qur'an and Hadis. Muslims currently demand halal certified products to avoid haram (prohibited) ingredients present in these products. The halal concept, with reference to food, is very crucial for Muslims as they are very sensitive about the ingredients contained in products. Once halal food are identified, Muslim consumers can maximize their consumption of these halal food. As proposed by the Utility Maximization theory, consumers can maximize their utilities in accordance with their budget constraints. The current paper focuses on Halal food consumed by Muslim consumers based on the Utility Maximization theory. The purpose of this paper is to propose the conceptual paper of the utility maximization attained by Muslim consumers in consuming halal food.

Keywords: Muslim Consumers' Behaviour, Halal Food

1. Introduction

Today, the halal food industry has shown a growing trend from year to year. The Malaysian Investment Development Authority (MIDA, 2011) demonstrated that two billion Muslims from 112 countries are now consuming halal food. Thus, the halal food industry has developed from time to time. However, Malaysia still lags behind Thailand as the rapid halal hub in the region [1]. Meanwhile, most of the manufacturers and food operators utilize halal logo with the purpose of informing Malaysians that they are providing halal food [2]. Furthermore, the Malaysian government has made it compulsory for food and products that contain halal ingredients to include the halal logo from JAKIM.

The meaning of halal logo from the Muslim perspective is to provide understanding and assurance that food or products offered by sellers has complied with the Islamic rules or Shari'ah law. In addition, the halal logo also assures that the food or products offered by sellers are presented in the most hygienic way to be consumed. So far, non-Muslims in Malaysia have given positive feedback about halal food. Non-Muslims in Malaysia comprise approximately 38.7 per cent of the population [3]. This is a good opportunity for the halal food industry as the halal food products are not only accepted by Muslims but also non-Muslims. In the meantime, religion plays an important role as well in the consumption of food as the religion dictates the rules and regulations of the religion which people should follow. According to [4], Islam, Judaism, Hinduism, and Buddhism prohibit the consumption of pork or beef, while Christianity has no food taboos.

Halal food is consumed by around 1.5 billion of the Muslim population and 500 million of non-Muslim population [5]. Halal

consumption is also influenced by factors of health, hygiene, taste, environment friendliness, respect for animals' welfare and social issues such as religious identity and degree of acculturation [6]. According to the Islamic Food and Nutrition Council of America (2009), halal food from organic products creates big markets in USA and Europe. Many people in the USA and Europe pay premium fees to buy organic food, which is considered healthy food. Nowadays, organic food has become a part of the lifestyle for people in the USA and Europe. The spread of halal industry now not only focuses on food but also on food services, cosmetics, personal care, pharmaceuticals, and logistic industries; it also influences current lifestyles such as halal tourism, and halal travel (Halal Industry Market Report Malaysia 2012, www.egnatia.biz.) The growth of the global halal industry is noted to be around USD580 billion in 2008, and it increased significantly around USD2.3 trillion in 2012. Malaysia plans to become a halal hub for Islamic banking and finance in the world. Malaysia as an Islamic country, has a multi-ethnic, multi-cultural, and multilingual society. The population of Malaysia was noted to be about 28.3 million in 2010 with around 91.8 per cent of Malaysian citizens and 8.2 per cent non-Malaysian citizens. The Malaysian population is composed of Bumiputera (67.4%), Chinese (24.6%), Indians (7.3%), and others (0.7%). In terms of religion, Islam has the highest percentage of followers with around 61.3 per cent, followed by Buddhism with about 19.8 per cent, Christianity with 9.2 per cent, and Hinduism with 6.3 per cent (Census 2010, www.statistic.gov.my).

2. The Definition of Halal from Al Qur'an and Hadith

The concept of halal is also clearly stated in the holy Al Qur'an and Sunnah.

As a good Muslim, we are not required to ask why ALLAH SWT has permitted certain natural resources, and prohibited others. We are convinced that ALLAH SWT has the reason for this. We have to be grateful to ALLAH SWT for whatever blessings that come from Him, as stated in the verses of Al Qur'an below:

"O ye who believe! Eat of the good things wherewith We have provided you, and render thanks to ALLAH if it is (indeed) He whom ye worship" (Qur'an 2:172)

The verses of Al Qur'an above describes that whatever ALLAH SWT has prohibited us to consume is for our own safety. Thus, we as His servants have to follow His rules and regulations to attain the rewards in the world and hereafter. The Islamic laws created by ALLAH SWT are applicable to all people in this world regardless of gender, race, ethnicity and family background. The verse of Al Qur'an below states that people should eat good food.

"O ye Messengers! Eat of the good things, and do right. Lo! I am aware of what ye do" (Qur'an 23:51)

Halal food refers to not only consuming good things but also includes cleanliness, safety and hygiene in terms of food preparation, food packaging, and food storage. The Al Qur'an highlighted the following verses of Al Qur'an where ALLAH SWT says:

"He hath forbidden you only carrion, and blood, and swine flesh, and that which hath been immolated to (the name of) any other than ALLAH. But he who is driven by necessity, neither craving nor transgressing, it is no sin for him. Lo! Allah is Forgiving and Merciful" (Qur'an 2: 173).

The verses of Al Qur'an above indicates the types of food that can and cannot be consumed. Ulamah says that ALLAH SWT has reasons for prohibiting food that should not be consumed by Muslims. For example, if people consume the forbidden carrion and dead animals, this will affect the human body as these kinds of food are not suitable for human consumption whereby the degeneration process involved causes chemical formations which can endanger humans. The blood which is drained from dead animals can create dangerous bacteria and toxins which can be endanger metabolism and the development of the human body.

The prohibition of haram food is also stated clearly in the hadith. The hadith below explains to us about the prohibition of haram food. One of the hadith of Prophet Muhammad SAW (Pbuh) says:

"Halal (lawful) is clear and Haram is clear: in between these two are certain things that are suspected (Shubha). Many people may not know whether those items are halal or haram. Whoever leaves them, he is innocent towards his religion and his consciences. He is, therefore, safe. Anyone who gets involved in any of these suspected items, he may fall into the unlawful and the prohibition. This case is similar to the one who wishes to raise his animals next to a restricted area, he may step into it. Indeed for every landlord there is a restricted area. Indeed the restrictions of Allah are the unlawful (Haram)" (see Sahih Muslim, No.2996).

The hadith above clearly states that there are a lot of food, drinks and products which are permissible to eat, drink, and use. However, there are also a lot of products that we are prohibited to eat, drink, and use such as alcohol, pork, dead animals, and carrion animals, and the meat or chicken which are not slaughtered according to the Islamic way.

3. The Utility Maximization Theory and Consumer Behaviour from Islamic Perspectives

According to conventional economics, utility is the want to satisfy power. The utility of good or services is the satisfaction or pleasure one gets from consuming it. There are three features of the utility concept, namely [7]:

1. *"Utility" and "usefulness" are not synonymous. Paintings by Picasso may great offer utility to art connoisseurs but are useless functionally.*

2. *Utility is subjective. The utility of a specific product may vary widely from person to person. A lifted pick-up truck may have great utility to someone who drives off-road but little utility to someone unable or unwilling to climb into the rig. Eyeglasses have tremendous utility to someone who has poor eyesight but no utility to a person with 20-20 vision.*

3. *Utility is difficult to quantify. But for the purposes of illustration we assume that people can measure satisfaction with units called utils (units of utility). For example, a particular consumer may get 100 utils of satisfaction from a smoothie, 10 utils of satisfaction from a candy bar, and 1 util of satisfaction from a stick of gum. These imaginary units of satisfaction are convenient for quantifying consumer behaviour for explanatory purposes.*

Marginal utility has close relationship with the theory of consumer behaviour. There are several dimensions regarding the theory of consumer behaviour, namely:

1. **Rational behaviour:** The consumer is a rational person, who tries to use his or her money to derive the greatest amount of satisfaction, or utility from it. Consumers want to get "the most for their money" or, technically maximize their total utility. They engage in rational behaviour.
2. **Preferences:** Each consumer has clear-cut preferences for certain goods and services that are available in the market. Buyers also have a good idea on how much marginal utility they will get from successive units of the various products that they might purchase.
3. **Budget constraints:** At any point in time, the consumer has a fixed, limited amount of money. Since each consumer supplies a finite amount of human and property resources to the society, he or she earns only a limited income. Every consumer faces a budget constraint in spite of the consumer earning a trillion, billion, or millions of dollars a year.
4. **Prices:** Goods are scarce relative to the demand for them, so every good carries a price tag. We assume that the price of each good is unaffected by the amount of that is bought by any particular person. After all, each person's purchase is a tiny part of the total demand. Also, because the consumer has a limited number of dollars, he or she cannot buy everything he or she wants.

The consumer behavior of Muslims are different from others. Islam requires certain types of norms and *adab* in consuming and producing food, drinks, and products as follows:

1. In Islam, the consumer is aware of Islamic norms and his behavior is governed by them.
2. His choice is how much of the income is to be spent on worldly needs and how much to spend in the way of Allah (*infaq fi sabil Allah*)
3. Muslims are motivated to spend in the way of Allah through many Quranic verses and it is suggested that Muslims must have savings for future consumption as the hadith from Prophet Muhammad SAW (PBUH) stated that "it is better to leave after death some resources for one's family than to leave them destitute."

From the Muslim perspective, consumers can achieve their utility maximization by consuming halal food, halal drinks, and halal products. The main objective of the Muslim is to experience happiness in the world and hereafter. Thus, Muslims can achieve

their utility maximization by consuming halal food, drinks, and products and preventing themselves from consuming anything that is haram. There are three tiers in the hierarchy of Muslim needs in Islam, as follows:

3.1. Daruriyyat (Necessitates), such as:

1. protection of *al-Nafs*, man's physical existence;
2. the provision of things like food, clothing and shelter;
3. protection of *Din*, religion;
4. protection of *al-'Aql*, mind;
5. protection of *al-Nasl*, progeny or pedigree;
6. and *al-Mal*, property.

Provision of food is one of the daruriyyat (necessities) that needs to be fulfilled by Muslims. Thus, the Muslim is not only concerned to fulfill his or her basic needs (daruriyyat), but they must also make sure that they consume halal food.

3.2. Hajjiyyat (Conveniences)

It refers to things which improve the quality of life and remove bearable hardship and difficulties. For example, when Muslims already fulfill their daruriyyat, then they can satisfy the hajjiyyat. Muslims can buy expensive food, delicious drinks, an expensive television, and other products. However, they have to make sure as well that the hajjiyyat product must be halal in terms of food ingredients, food processing, food manufacturing, and food storage.

3.3. Tahsiniyyat (Beautification)

It means that when Muslim people succeed in fulfilling their daruriyyat and hajjiyyat, they can proceed to fulfilling tahsiniyyat (beautification). The beautification refers to examples such as the most expensive food, drinks (beverages), and products. Nevertheless, Muslims are also required to consume halal food, drinks, and products which may be expensive. As the main objective of Muslims is to achieve happiness in the world and hereafter. In conclusion, Muslims can maximize their utility by consuming halal food, drinks, and products and preventing themselves from consuming prohibited products. Muslims are required to follow Islamic ethics and morals in the marketplace to maximize their utilities in the world and hereafter. It is compulsory for Muslim producers to apply the profit-loss sharing systems such as *Mudarabah*, *musharakah*, *musharakah mutanaqisah* and others. Furthermore, Muslim consumers and producers are forbidden to consume or produce prohibited products and/or conduct unlawful activities. Muslim consumers and producers must spend some of their assets or wealth for the unfortunate in the Islamic society by giving zakah, sadaqah, waqf, and infaq. Finally, they are also required to show moderation in terms of consumption and production.

4. Conclusion

The definition of halal food or halal products is now gaining special attention globally due to its recognition as food or products related to safety, hygiene, and quality assurance of what we eat and drink every day. Food, drinks, and products that are produced in compliance with the rules and regulations of Islamic law or in line with halal prescriptions are accepted by Muslim and non-Muslim consumers globally. The perception of halal food from the perspective of Muslim consumers is that the products have met Islamic law requirements in terms of food processing, food preparation, food manufacturing, and food storage. Meanwhile, the perception of halal food from the non-Muslim perspective is

related to the concepts of hygiene, quality, and safety. Furthermore, Muslims have to fulfil the halal concept based on Shari'ah law in fulfilling their hierarchy needs such as *daruriyyat*, *hajjiyyat*, and *tahsiniyyah* with the aim to achieve their utility maximization. Muslim consumers' behaviour is different from non-Muslim consumers' behaviour. Muslims are not only required to fulfil their hierarchy needs, particularly *daruriyyat* but also the halal requirement. It could be concluded that Muslims can achieve their utility maximization by consuming halal food and avoiding prohibited food. This is the good opportunity for all of producers in the world, including in Malaysia to focus on halal segmentation as halal market industry can promise to give huge profit. As we know that currently Malaysia is one of the countries that provide halal food inside the country. Halal food industry is expected to give large contribution on Malaysia's GDP.

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