

## Country of origin as a moderator of halal label and purchase behavior

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### Keywords

Halal label, country of origin, purchase behavior, frozen food, imports

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### Abstract

*The research aimed to examine the influence of the halal label, and the role of country of origin as an independent variable and moderator variable on the purchase behavior of the imported frozen foods. The research was conducted in North Sumatera, and the measurement of respondent numbers was based on the sampling fraction from sub-districts in Medan. Data collected from 110 respondents with definite criteria. Analysis of the data was applied the moderate regression analysis. The results of the research found that the halal label had a positive and significant effect on the purchase behavior. Furthermore, the country of origin also had an effect on purchase behavior. The role of country of origin as a moderator variable had a positive and significant impact on the halal label and purchase behavior of the imported frozen food. The negative value of country of origin could reduce the impact of a halal labeling on purchase behavior of the imported frozen food. The country of origin as a "quasi"-moderator meant it could use it as an independent variable or moderator variable. The authors recommend that institutions issued the Halal certificate collaborate with LPPOM-MUI. This case intended to anticipate the suspicions of Muslim communities in Indonesia*

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### Introduction

Islam is a religion that gives a mercy, and peace. It is not surprising that the number of people who follow it is growing across the world. Besides Asia and Africa, Islam has developed in the Americas and Europe. The CIA World Factbook states that Muslims number almost 22,74% of the world's population, and it is projected to increase by 20 percent in the next 20 years. Moreover, The Pew Forum on Religion and Public Life (2011) reported that in 2010, the Muslim population would reach 2.2 billion in 2030, up from 1.6 billion in that year. A study of Tajamul Islam conducted in 2013 reported that East Asia dominated the geographical distribution with amount 63 % of adherents, which was followed by the Middle East and North Africa (20%) and sub-Saharan Africa (15 %), while the area of Europe had 2.7 % and America 0.3 %.

Moreover, Indonesia becomes the fourth position of great population in the world, which the substantive of its societies are Muslim's adherents. According to the report of CIA's World Factbook, Muslim population reached 87.2 % of the whole of Indonesian citizens. The report showed that Indonesia had the largest potential halal market in the world. The rapid growth of the Muslim population has impacted the local and global corporations to increase the variety of halal products, for instance, food and beverages, medicine, education services, entertainment, hotels, and tourism. In addition, in line with their religion command, Muslim's awareness of the importance of halal products that they are safe to consume them and related to health and goodness. Islam leads the followers' behavior to know how the adherents think, feel, and act. Consequently, they have to search, process to evaluate, acquire and consume the complying products in the terms of Islam. They consume them and avoid the unlawful products (Wilson, 2010; Shahrudin, 2010).

Furthermore, one of the various halal food which distributed is frozen food. The Halal frozen foods are not considered only from the food container but also from the food processing allows being contaminated by things unlawful or non-halal. Therefore, to ensure the product is halal, it needs to be confirmed by the halal guarantee test, from the source of materials until the end of the product. The institution which is responsible for auditing namely LPPOM -MUI. The products already have the halal statutes from MUI and will obtain the halal certificate, which means they are guaranteed as halal. Besides that, they are identified as halal on the packages. They must have halal labels derived from their particular countries. The countries can be a priority if they already cooperate with LPPOM-MUI. This case aims not to generate unrest among Muslims regarding whether the frozen food is halal.

## **Literature review**

### **Halal Label**

The majority of Muslims have more attention for the halal foods. The research conducted by (Bonne, 2008) highlighted that religious values have an effect on consumer intentions of consuming meat and its derivative products. Muslims consumers fear to consume the derivative products of meat that use packaging derived from non-halal materials. The study by Marzuki (2012) described about how important it was that non-halal elements did not contaminate raw materials. The study suggested the need to assure products were halal assurance by determining supply chain materials. Just in case, to prove the products are guaranteed halal, they must have the halal certification. Besides being meaningful to consumers, halal certifications also provide benefits for the manufacturer, such as making it easier to gain market share.

According to the Minister of Trade Regulation Number. 31, the year 2011, food label is food description in the form of a picture, writing, or combination of both, as well as other shapes inserted or affixed to the packaging. The halal label is a permissible statement on food packages to show the status of a product. In Indonesia, some institutions have the authority to issue the logo. The Institute has the authority to certify the halal products. LPPOM-MUI technically oversees the halal certifications issued by the Indonesian Ulama Council (MUI).

Meanwhile, halal labeling is managed by the National Agency of Control for Food and Drugs. Halal Labelling was implemented before the existence of official halal certification. It is now regulated by the Minister of Health and the Minister of Religion Affairs, 427/Menkes/SKBMII/1985 and Number 68/1985 about the inclusion of the Halal Food Label. The imported frozen foods require the existence of the halal certificate of foods derived from animals and of derivatives such as goat and duck meat, sausages and nuggets, as well as milk and its derivative products such as cheese, skim milk, whey, and powder (halalmui.org).

### **Country of Origin**

The research of Ozretic (2007) cited in Rezvani (2012) mentioned that the country of origin is the source of product evaluation for consumers. Some cases are caused by an acceleration of globalization, a rapid flow of information, and also the diversity of products in an emerging market complex. Country of origin as an arena of corporate competition occurs in the contexts of global market expansion. Besides that, the country of origin provides an experience to acquire products from various countries. Along with this explanation, Lee (2009) added that the country of origin is the first signal for consumers due to the limited information and knowledge of the product.

Hence, consumers evaluate and search for information about the products derived from a particular country, using the label "made in" as evaluation criteria (Ha, 2012). Consumers assess countries such as America, Japan, and Germany as producing high-quality products, while developing countries associated with the low-quality or inferior products (Abedniya, 2011). Countries of origin with negative consumer perceptions will affect purchase behavior and could even result in the boycott of the products. Such as the case of Danish cartoons, which led the Muslim world to boycott products from Denmark (Alserhan, 2010). Institutions from other countries that issue halal certificates must be audited by the Indonesian Ulama Council (MUI) before exporting their products into the country (LP.POM-MUI).

### **Purchase Behavior**

Kotler (2006) mentioned that consumer behavior is influenced by several factors, namely culture, social or society, and personal beliefs. Cultural aspects associated with desire and individual behavior are

fundamental. Subcultures are national, religious and ethnic groups within a society. Thus, the influence of social aspects is closely associated with the subgroup to which the consumer belongs.

Usually, each group has different influence levels on consumer trends in the other groups. For instance, certain groups are opinion leaders and others are followers. Family members provide a substantial impact on purchasing behavior. Each position's status reflects the overall award presented following the role of the community.

The purchase decision is also influenced by the characteristics of personality, including the terms of the age of work, the condition of the economy and lifestyle. Another primary factor that affects the purchase decision is the mental aspect. This element consists of motivation, learning perception, confidence, and attitude. The relation of the first factors and the sub-factors have influenced the consumers' acquisition of the product.

## Method

### Conceptual Framework

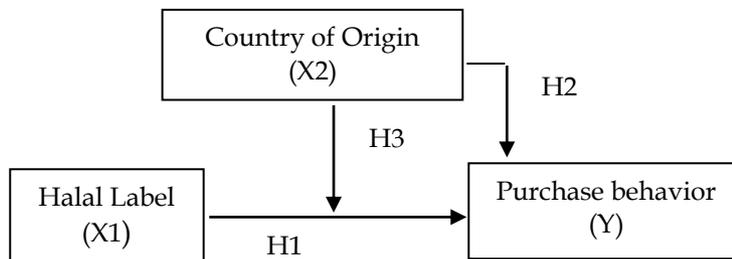


Figure 1. Conceptual framework of the research

In accordance with the literature review and conceptual framework. The study developed the following hypotheses:

- H1: Halal labels have a positive and significant effect on the purchase behavior of the imported frozen foods.
- H2: Country of origin has a positive and significant effect on the purchase behavior of the imported frozen foods.
- H3: The role of the country of origin moderates the relationship between the halal label and purchase behavior of the imported frozen foods.

### Research Method

The research method applied quantitative descriptive research (Malhotra, 2010), In this method, authors analyzed data using the model of moderated regression analysis, the aim of which was to test whether the moderator variable strengthens or weakens the relationship between the independent variables and dependent variables. The research was carried on for six months, from September 2015 to February 2016. The research data were the primary data that were collected from the distribution of the questionnaire to the Muslims community of 21 sub-districts in Medan, Indonesia. The research population was Muslim consumers who purchased the imported frozen food labeled halal in Medan. Therefore, the numbers of the population were unknown definitely.

The samples were obtained using sampling techniques with non-probability in particular criteria. As many as 110 respondents were obtained using sampling fractions from each sub-district in Medan. The arrangement of the questionnaire was adopted and modified from the previous study and in the dissemination of the survey. Several assistants assisted the authors with the first validity test for each item in questions of the questionnaire.

### Findings and Analysis

#### Validity and Reliability Test

The results of the validity test for the questionnaire showed all items, including valid questions. The results of the validity tests of the subject questions based on the variables of having a halal label, country of origin, and purchase behavior could be seen as the following:

**Table 1: Validity Test  
Items of Halal Label**

|                                                                                   | Corrected<br>Item-Total<br>Correlation | Requirements | Conclusion |
|-----------------------------------------------------------------------------------|----------------------------------------|--------------|------------|
| Having more attention to check the Halal label before purchasing the frozen foods | .575                                   | .300         | Valid      |
| Halal Label will assist to identify the quality of frozen foods                   | .923                                   | .300         | Valid      |
| Halal Label will ease to receive the information of frozen foods origin           | .939                                   | .300         | Valid      |
| Halal Label will provide the confidence to purchase frozen foods                  | .945                                   | .300         | Valid      |
| Halal Label will influence to purchase decisions                                  | .837                                   | .300         | Valid      |

The calculation mentioned above showed that the validity test value of each item presented in the column "Corrected Item-Total Correlation" was valid, proved by all coefficient values were greater than 0.30.

**Table 2: Validity Test  
Items by Country of Origin**

|                                                                                                                                              | Corrected<br>Item-Total<br>Correlation | Requirements | Conclusion |
|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|--------------|------------|
| Preferring the halal products originating from Muslim countries because of the guaranteed quality                                            | .552                                   | .300         | Valid      |
| Preferring the halal products originating from predominantly Muslim countries because of a valid halal certification standard                | .889                                   | .300         | Valid      |
| Preferring the halal products originating from Muslim countries because of a trust institution issues it                                     | .859                                   | .300         | Valid      |
| Preferring the halal products originating from Muslim countries because they have guaranteed in the process of production until to warehouse | .892                                   | .300         | Valid      |
| Preferring the halal products originating from Muslim countries because they have the transparency in the process of certification           | .797                                   | .300         | Valid      |

In the table mentioned above, the values in the column "Corrected Item-Total Correlation" were all valid that proved by all coefficient values were greater than 0.30.

**Table 3: Validity Test  
Items by Purchase Behavior**

|                                                                         | Corrected<br>Item-Total<br>Correlation | Requirements | Conclusion |
|-------------------------------------------------------------------------|----------------------------------------|--------------|------------|
| Buying Halal frozen foods is a prove the compliance of the religion     | .856                                   | .300         | Valid      |
| Believing the family environment motivate to buy the halal frozen foods | .778                                   | .300         | Valid      |
| Living in an Islamic society environment                                | .841                                   | .300         | Valid      |
| Feeling safe to purchase the halal labeled foods                        | .844                                   | .300         | Valid      |
| Feeling the food products halal have quality and goodness               | .878                                   | .300         | Valid      |

In the table above, the values were shown in the column "Corrected Item-Total Correlation" can be declared valid proved by all coefficient values were greater than 0.30.

**Table 4: Reliability Test**

| Variables         | Cronbach Alpha Values | Result   |
|-------------------|-----------------------|----------|
| Halal Label       | 0,940                 | Reliable |
| Country of Origin | 0,920                 | Reliable |
| Purchase Behavior | 0,889                 | Reliable |

The results of the reliability test in the table above showed that all variables had been qualified for reliability when the Alpha Cronbach's value was greater than 0.6, and the research variables met the criteria

**Table 5: Model Summary**

| Model | R     | R Square | Adjusted R Square | Std. Error of Estimate |
|-------|-------|----------|-------------------|------------------------|
|       | .490a | .240     | .226              | 1.069                  |

A. Predictors: (Constant), Country of origin, Halal Label

B. Dependent Variables: Purchase Behavior

In the table above, the Adjusted R Square value showed 0,226. The result explained that 22,6% described the purchase behavior capable, country of origin and halal label, while the 77,4 % influenced by the other variables were not examined in the research.

**The effect of the halal label and the country of origin on the purchase behavior simultaneously.**

**Table 6: Simultaneous Results Tests****ANOVA**

| Model      | Sum of Squares | df  | Mean Square | F      | Sig.   |
|------------|----------------|-----|-------------|--------|--------|
| Regression | 38.683         | 2   | 19.342      | 16.921 | .000 a |
| Residual   | 122.308        | 107 | 1.143       |        |        |
| Total      | 160.991        | 109 |             |        |        |

A. Predictors: (Constant), Country of origin, Halal Label

B. Dependent Variables: Purchase Behavior

This table presented the results test of the effect of the halal label and the country of origin on the purchase behavior simultaneously. According to the table above, the simultaneous analysis (F) showed that the country of origin and the halal label had an effect on the purchase behavior significantly, which was proved by probabilistic value sig ( $0,000 < 0,05$ ).

**The effect of halal label and the country of origin on the purchase behavior partially.**

**Table 7: Partial Result Test****Coefficients**

| Model             | Unstandardized Coefficients |            | Standardized Coefficients | T     | Sig. | Collinearity Statistics |       |
|-------------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
|                   | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| (Constant)        | 9.204                       | 2.171      |                           | 4.239 | .000 |                         |       |
| Halal Label       | .304                        | .079       | .368                      | 3.836 | .000 | .773                    | 1.294 |
| Country of Origin | .243                        | .120       | .193                      | 2.017 | .046 | .773                    | 1.294 |

A. Dependent Variables: Purchase Behavior

This table described the partial results of testing the effect of halal label and country of origin on purchase behavior. In line with the table mentioned above, the regression coefficient value of the halal

label was positive and was shown by a beta of 0.304. The results showed that halal label had a positive effect on purchase behavior with a probability value or Sig of 0.000, which was smaller than 0.05. The statistic results explained that halal label had a significant effect on purchase behavior. Meanwhile, the result of the regression coefficient from the country of origin was also a positive value with a beta of 0.243. The results show that country of origin has a positive effect on purchase behavior with a probability value or Sig. of 0.000, which was smaller than 0.05. The statistic results elaborated that the country of origin had a significant effect on purchase behavior.

### The role of the country of origin in moderating the relationship between halal label and purchase behavior

**Table 8: Moderator Result Test**  
Coefficients

| Model             | Unstandardized Coefficients |            | Standardized Coefficients | T      | Sig. |
|-------------------|-----------------------------|------------|---------------------------|--------|------|
|                   | B                           | Std. Error | Beta                      |        |      |
| (Constant)        | 2.754                       | .960       |                           | 2.868  | .005 |
| Purchase Behavior | -.107                       | .047       | -.212                     | -2.260 | .026 |

A. Dependent Variables: absolute\_residual\_moderation\_X2X1

This table presented that the moderator results test from the country of origin to moderate the relationship between the halal label and purchase behavior. Based on the results of regression, the coefficient value of the purchase behavior was a negative value (-0.107) and significant ( $0.026 < 0.05$ ). The result showed that the role of the country of origin as a moderator has a significant effect on the halal label and consumer purchasing behavior. The result following the statement was that a variable was supposed to be a moderate independent variable if the regression coefficient variable depended on a negative value and was significant (Hair, 2010).

Prediction of the negative value indicated that the effect of moderation was negative. The result showed that the country of origin's effect could reduce the effect of the halal label on the purchase behavior of the imported frozen foods. The results test indicated that the role of the country of origin as independent and moderator variables had significance concurrently. Therefore, the conclusion was that the country of origin variable as a quasi-moderator variable meant the variable could be used as an independent variable and as a moderator variable.

### Discussion & Conclusion

The results of the research showed the halal label had a positive and significant effect on the purchase behavior of imported frozen foods that were presented with a beta value of 0.304 and probability value or Sig. 0.000. This case proves that the first hypothesis (H1) is accepted. For the second hypothesis (H2), the country of origin had a positive and significant effect on the purchase behavior of frozen food imports, which was pointed out with a beta value of 0.243; and the probability value or Sig. 0.000, is smaller than 0.05. This case shows the second hypothesis (H2) is proven and can be accepted. Meanwhile, if the role of the country of origin was redirected as a moderator variable for the third hypothesis (H3), the role of the country of origin could moderate the relationship between the halal label and consumer purchasing behavior significantly.

The results test was confirmed by the value of the purchase behavior regression coefficient as being a negative value (-0.107) and significant ( $0.026 < 0.05$ ). This test proved the third hypothesis could be accepted. It is in line with the explanation by Hair, (2010) that a variable is supposed to be moderate as an independent variable. The regression coefficient variable depends on the negative value and the significant. The role of the moderator from the country of origin can weaken the influence of the halal label on purchase behavior of the imported frozen food.

The conclusion taken from the testing results is a moderator variable demonstrated significant influence from the effect of halal label on purchase behavior. Prediction of a negative value indicates that the effect of moderation is negative, and it means the country of origin reduces the influence of halal label

on purchase behavior. The test result confirms that the country of origin and moderator are both significant simultaneously. It can be concluded that the variable of the country of origin include as moderation facades (quasi-moderator) or it can be used as an independent variable and as a moderator variable.

The supplier companies of the frozen foods and institutions that issue the halal certificate come from certain countries must have cooperation with LPPOM-MUI. It aims to anticipate the suspicion of Muslim communities in Indonesia. Halal Labels on the frozen foods will be a prior consideration for Muslims in selecting and consuming. Halal labels also facilitate the differentiation of the halal frozen foods derived from Muslim countries which offer customers' ability in evaluating the products. The tendency of Muslim consumers doubts the halal labels on the imported frozen foods is caused by the consumers' perception of the non-Muslim countries of origin of the frozen foods.

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