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## Halal Compliance among Food Truck Traders in Klang Valley

## Farah Mohd Shahwahid, Noor Raudhiah Abu Bakar, Siti Hawa Radin Eksan

International Islamic University College Selangor, Bandar Seri Putra, 43000 Kajang, Selangor, Malaysia

## Abstract

The halal food industry is growing by the day with many new products entering into the market. Food trucks are an upcoming sector in the food industry fulfilling the need of consumers who want affordable and conveniently available Halal food. This paper aims to look at the development of the food truck business in the Malaysian market, the practice of halal compliance among food truck traders and the purchasing pattern of food ingredients among food truck traders. The paper also seeks to understand the relationship between food ingredients with Halal compliance among food truck traders in Klang Valley. This is a quantitative study using data collected through questionnaires from 48 respondents comprising of food truck traders operating in Kuala Lumpur and Selangor. Factor analysis results show that there are two dimensions of food ingredients i.e. positive and negative statement. Bivariate correlation results suggest a significant positive relationship between the selection of food ingredients and religiousity with Halal compliance. Findings of this study could assist policy makers, food truck traders and consumers to better understand the factors influencing Halal compliance among food truck traders leading towards improved business management and operation.

Keywords: Halal Compliance, Halal Food Industry, Food Truck, Food Ingredient, Religiousity.

## Introduction

Halal food is a high potential industry to be developed in line with Malaysia's aspiration to be the central hub of ASEAN region halal products. This industry is capable of giving lucrative returns if developed properly as it gets the full support from the Malaysian government in the form of establishment of various marketing infrastructure, policy improvements, support services and globally recognized accreditation. The increase in demand for halal food is currently valued at USD 346.7 billion or equivalent to RM1,317 billion a year. This figure is in line with the ever growing Muslim population worldwide, increased level of education among the masses and high purchasing power of halal food consumers.

The global Muslim population is estimated at two billion and growing. Through estimation of expected growth of the Muslim population will continue at 3.5% per annum, the halal food market will further expand and provide tremendous profits for those in the industry. With a Muslim population of 16 million, Malaysia is generally recognized as an Islamic nation with a reputation of being moderate and progressive. With this, and also its central location, there is big potential for Malaysia to further develop as a global Halal hub. As shown in Table 1, there is a total of more than 3500 Halal food production companies, yielding exports valued at over USD 9 billion. The Halal industry is vast, encompassing various products and services, where the key player is the food industry.

The growing and innovative food industry introduced a new trend where food business operators sold their merchandise using vehicles allowing them to become mobile and thus attracting a bigger group of customers. The trend of selling easy to prepare and fast to serve food from vehicles is known as food trucks. Ibrahim (2011) defines food truck as a vehicle that is equipped with the facilities to prepare and cook food and has mobility to move from one strategic location to another. Food trucks offer something that is unique and a novelty experience to consumers. While food trucks originated in America, this trend was quickly picked up and accepted by other countries including countries in Asia. By 2014, food truck business was acknowledged as the biggest trend Food & Beverage industry in Kuala Lumpur. This trend gained acceptance and popularity in Malaysia due to the large urban communities in city area and workers who are in need of a quick meal. (The Star, 2014)

The rapid development of food truck businesses is due to demand from the growing urban community who enjoy simple, fast and readily available food. Hectic lifestyle, long working hours and high cost of living in cities require the people to seek an alternative for their dining needs. Recognising the opportunity here, traders started choosing a location to start business, putting up some chairs and tables to serve local favourite dishes to customers. Nowadays, the diversity of food selection has expanded, both local and international menu is an attraction for consumers to purchase their meals from food truck business operators. Many of these operators and the customers are Muslims, therefore the Halal status of the food is an important consideration for them.

This paper therefore seeks to see (i) the development of the food truck business in the Malaysian market, (ii) the purchasing pattern of food ingredients among food truck traders, and (iii) halal compliance among food truck traders in Klang Valley.

### **Literature Review**

#### The Development of Food Truck Business in Malaysia

Food truck is defined as a large vehicle equipped with facilities for cooking and selling moving food from one location to a strategic location every day (Ibrahim, 2011). Merriam-Webster Dictionary provides a similar definition of "a large wheeled vehicle from which food is sold that typically contains cooking facilities where the food is prepared". The food truck industry began in the west (Stensson, 2011) where there was a growing need for easily prepared food and the concept has now expanded to Asian countries. Food trucks fulfills the need of customers as it brings diversity of food choice together with an attractive and unique marketing concept.

In the Malaysian context, the development of food truck business is influenced by urbanisation, increasing technology in media and support from government agencies.

#### Urbanization

Food purchase behavior of consumers in emerging economies has significantly changed due to among others, the urbanization process (Ali, 2010). The development of urbanisation has also resulted in the increase in the number of food truck businesses. Considered as the formation of a new phenomenon for city culture, food trucks has the potential to utilise unused space and walkways as food attractions (Wessel, 2012).

Mobile food business has long been part of the Malaysian food industry in the form of food stalls. Food trucks came about much later in the 2000s. The economic downturn in 2008 is seen as a catalyst for the food truck industry. In the wake of financial constraints, chefs found it difficult to operate and maintain the restaurant business during the economic recession where customers tend to be attracted more towards cheaper "comfort food" rather than spending at restaurants and luxury hotels (Ibrahim, 2011). Additionally, in his study, Ibrahim also noted that restaurant operators were aware on the difficulty to gather the necessary financial capital to manage a restaurant during the recession period. Many professional chefs shifted to the food truck business as it required less initial investment and can be draw in more customers as a new consumer trend.

### **Media Technology**

The use of technology enables food truck dealers to broadcast their location information to consumers in real-time, thereby reducing consumer uncertainty on food availability. Popularity of using social media for business marketing such as Facebook, Instagram and Twitter are also important factors in boosting the food truck business. In the study of Brynjolfsson, Hu, and Smith (2003) they explain how internet affects the market for books, where mobile technology can have a positive spillover effect even in developed markets where information is easily deployed with mobile technology.

Using the platform of social media, food truck operators will display a list of menu options as well as the current location of their business around the focal area. Social media users will be updated with latest information on their favorite food truck. Social media also allows for direct online interaction between the business operator and their customers. The use of the internet has helped increase the search pattern of information regarding both local and international food. The advantage of food trucks is the direct access to their market segments through strategic locations. Accompanied by the use of technology in the modern era, and the growing demand for a new food trend, food truck businesses continue to grow and capture a market in the food business.

Google Trend search engine was used to see the growth of the food truck industry in Malaysia. This data is very useful as it clearly demonstrates the developments that occur while also providing the ability to keep an eye on the increase in user search figures in Google Search for food trucks. Among information much sought by users include food truck reviews, menus, pricing of food and the location of nearby food trucks.

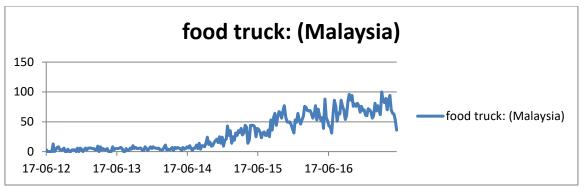


Figure 1 : Search Engine on food truck di Malaysia

Figure 1 shows the number of internet users looking for information about food trucks. The chart shows an increase in number of searches from 2015 and the trend continues. This supports the findings from a previous study where it was found that the food truck industry was the fastest growing component in the restaurant industry segment (MacDonald, 2011). In addition, search data can also be seen from the classification of consumer areas in the search engines as in Table 1. The extended Klang Valley area, especially Kuala Lumpur and Selangor and Seremban, Negeri Sembilan city centers are a high search focus area compared to other states. Massive urbanization and strong local economy are strong contributors to why these three areas are key locations of the food truck business.

| States          | Total Search Engine:<br>(3/14/12 - 6/12/17) | Percentage | Percentage |  |
|-----------------|---|------------|------------|--|
| Kuala Lumpur    | 100   | 21%        |            |  |
| Selangor        | 91  | 19%        |            |  |
| Negeri Sembilan | 68  | 14%        |            |  |
| Johor           | 50  | 11%        |            |  |
| Sabah           | 49  | 10%        |            |  |
| Perak           | 45  | 10%        |            |  |
| Penang          | 40  | 8%         |            |  |
| Sarawak         | 34  | 7%         |            |  |

#### Table 1: Distribution of Search Engine by State

### **Government Agency Support**

The food truck business trend has created a new opportunity for hawkers who have been operating business without obtaining the necessary approval and permits to upgrade their business to food trucks. The Selangor government sees the development of food truck as a new business opportunity to boost the economy of the society amid growing economic pressures. The Selangor Smart Truck program is part of the government's long-term plan to create a systematic business structure for hawkers in line with the goal of making Selangor a smart city (Palansamy, 2016). According to Selangor State Exco member, Amirudin Shari, Selangor has about 130 licensed food truck operators and this number is expected to increase in the future. The Selangor state government has approved an annual budget of RM140 million for new *Hijrah* microcredit

loans for new entrepreneurs, including food truck operators, for figures ranging from RM3,000 to RM50,000.

Besides Selangor state government, the Federal Territories Ministry also provides support by giving subsidies of RM10,000 as an incentive to attract participation into the food truck business. This is in line with the intention of making Kuala Lumpur city a zero illegal hawkers zone by the year 2020. This funding will be managed by TEKUN (Tekun Nasional) which provides financing and advocacy services as well as assisting in truck purchase which is ideal for traders to start their business operations. Kuala Lumpur City Hall (DBKL) supports the initiative by providing a temporary location to facilitate the operation of the food truck businesses. Many major programs and festivals held in the city capital also include a business space for food truck operators with a fixed site rental rate. Site rental rates vary per program but typically the amount of rent for a food truck site is RM350.00 for a one day operation. The availability of food trail in a program will attract more visitors to the planned program.

### **Diversity in menu and Strategic Location**

The diverse range of menu offered by food truck operators is also an important element of creating unique product differentiation. While night market traders focus more on selling local food menu, food truck operators offers for sale a wide selection of western menu dishes. Among popular food truck items include sandwiches, gourmet burgers, Mexican food such as Tacos and Burritos, pasta and pizza dishes, fresh cut fruit and fruit juices.

Usually these food trucks have their own fans among food lovers. These fans or followers will use the platform of social media to receive updates on the latest development, locations and activities of their favourite food truck. Table 3 shows the location of choice and menu items that are favoured by food truck operators. From the list, it can be seen that the menu caters mostly to the taste of the urban, young generation-Y consumers.

| No. | Food truck      | Location                              | Menu                        |  |
|-----|-----------------|---------------------------------------|-----------------------------|--|
| 1.  | The Humble      | Jalan Medan Setia 2, Bukit Damansara, | Pasta                       |  |
|     | Chef            | 50490 Kuala Lumpur, Wilayah           |                             |  |
|     |                 | Persekutuan Kuala Lumpur              |                             |  |
| 2.  | La Familia      | Seksyen 15, Subang                    | Pasta                       |  |
| 3.  | Little Fat Duck | Seksyen 15, Subang                    | Pasta                       |  |
| 4.  | SpagMe          | Jalan Dungun or Wisma MCA, Ampang     | Western Breakfast           |  |
| 5.  | The Royal Post  | Bangunan ECM                          |                             |  |
| 6.  | Babarittos      | PV16 Condominium, Danau Kota,         | Buttermilk Chicken Burrito, |  |
|     | Delight         | Setapak                               | Burger and pasta            |  |
| 7.  | Flaming Wheels  | TAPAK, Jalan Ampang / TTDI            | Local and Western food      |  |
| 8.  | Curbside        | Lihat instagram                       | Mexican food                |  |
|     | Cantina         |                                       |                             |  |
| 9.  | Negative        | PV128, Setapak                        | macaroon ice cream          |  |
|     | Celsius         |                                       | sandwich                    |  |

**Table 2: Location and Choice of Menu Food Truck Entrepreneurs** 

| 10.          | The Boys Food | Dataran Wangsa, Taman Wangsa        | Burgers                  |
|--------------|---------------|-------------------------------------|--------------------------|
|              |               | Melawati,                           |                          |
| 11.          | Royal Post    | G02 Ground Floor Block C, Damansara | Sandwich                 |
|              |               | Intan, 47400 Petaling Jaya          |                          |
| 1 <b>2</b> . | Wheeloaf      | Jalan SS21/1A, Petaling Jaya /      | Bread with chicken/meat, |
|              |               | Damansara Uptown                    | salad and egg            |
| 13.          | OMFJ!         | Mutiara Damansara / Pusat Bandar    | Fruit juice              |
|              |               | Damansara / Millenium B2 Carpark /  |                          |
|              |               | Jaya One                            |                          |
| 14.          | Guac!         | TTDI / Damansara Uptown             | Mexican food             |
| 15.          | Cowboy Food   | refer facebook                      | American-style' BBQ      |
|              | truck         |                                     |                          |

During an interview with an officer from JAKIM during MIHAS 2017, he mentioned that he number of applications for Halal Certification by food truck dealers was still low. However, there is yet any study on whether this low number is due to lack of interest or awareness on Halal practises among operators or bacause of current JAKIM standards does not require Halal certification for this type of business.

## Halal Compliance for Food Truck in Malaysia

By referring to the Malaysia Halal Certification Manual (3rd Amendment 2014) Halal comes from the Arabic word *Halla, yahillu, hillan, walahalan* which means permitted or permitted by Syariah law. The halal definition under Trade List (Halal Definition) 2011 and Trading Description (Halal Definition) (Amendment) 2012 is stated in Table 3.

### Table 3: Halal Defined by Trade Descriptions (Amendment 2012)

When food or goods are described as halal or described in any other expression to indicate that food or goods may be consumed or used by Muslims, the expression means that food or goods are:

| Islamic Shariah law to eat it or is not slaughtered according to Svariah and Fatwa | С  | does not consist of or contains any part or thing of an animal that is prohibited by |
|--|----|--|
| isiance sharian law to cat it of is not shareful according to syanan and ratwa     | Ŀ  | Islamic Shariah law to eat it or is not slaughtered according to Syariah and Fatwa   |
| laws;  | la | laws;  |

- B. does not contain anything that is not sacred / najs according to Syariah and Fatwa laws;
- C. C is not intoxicating according to Syariah and Fatwa laws;
- D. does not contain any part of a person or result which is not permitted by Syariah and Fatwa laws;
- E. is non-toxic or dangerous to health;
- F. is not provided, processed or manufactured by any instrument contaminated with najs in accordance with Syariah and Fatwa Laws; and
- G. is not in the process of preparing, processing or storage in contact, mixed or near any food which does not meet the requirements of paragraphs (a) and (b).

Consumers Association of Penang (CAP) (2006) states that every Muslim individual is obliged to research and care for food by ensuring that it is good for health and there is no element that can affect *aqidah*. On the aspect of hygiene, Islamic demands are not limited to external sanitation but includes the inside as described in surah Al-Baqarah verse 22, which means; "*Verily, Allah loves those who repent and love those who purify themselves ....*". Compliance with halal standards guarantees that not only are the products to be purchased and used by Muslim consumers will be halal and safe, but the products can also be safely used by Non-Muslim consumers as halal products are globally acceptable (Hayati & Khairul, 2008).

Food truck operators are also entrepreneurs who are mostly involved in food processing and food services. As food operators, they cannot escape the need to adhere to the aspects of the halal concept that include the GMP (Good Manufacturing Practice), food hygiene, food security, packaging, shipping, labelling, pricing and hospitality and customer service.

The need for a food truck trader to apply for halal certification has been outlined in item 6.2.2.8 of the Malaysian Halal Certification Manual (3rd Amendment, 2014) in Table 4:

| Amendment 2014).   |  |  |  |  |
|--|--|--|--|--|
| Applicants must:   |  |  |  |  |
| i. Appoint a Muslim supervisor; and  |  |  |  |  |
| <ul> <li>Must be permanent / contracted, Malaysian citizen, and on duty at all times in the</li> </ul> |  |  |  |  |
| management section   |  |  |  |  |
|  |  |  |  |  |

Table 4 :Terms of application for food truck dealers in Malaysia Halal Certification Manual (3rd Amendment 2014).

ii. Appoints a minimum of a Muslim worker

- Must be permanent / contracted, and work all the time in kitchen / food handling areas; and
  - This requirement must be met for every shift on the premises

Compliance to the requirements will illustrate good ethical conduct as stated in Spence & Rutherford's (2001) study that good ethics and practices can benefit businesses because of the increased importance of ethical behavior in business. Good ethical behavior, will give the public an overview that the company has a good reputation and image (Jones, 2001).

Even though food truck traders are not required to apply for Halal Certification from JAKIM, this study aims to know whether they voluntarily comply with Halal compliance practices as stated by JAKIM. Halal compliance in this study is defined as complying with Halal as stated by item 6.2.2.8 Malaysian Halal Certification Manual (3rd Amendment 2014) in Table III. This study not only examines on the Halal compliance among food truck traders but also examine on food ingredient selection (a key component of Halal definition is based on the food ingredient).

## Hypothesis

The hypothesis for this study is:

Hypothesis: There are positive relationship between food ingredient and Halal Compliance.

## Methodology

### **Sample Selection**

70 food truck operators (consisting of business owner or worker) were chosen by convenient sampling selected from food truck sites in Kuala Lumpur and Selangor. From a total of 70 questionnaires distributed to food truck business owners/workers, only 48 questionnaires were collected, which yielded a response rate of 68.6 per cent. All questionnaires returned are valid for analysis.

### **Variables Measurements**

A five point Likert scale is used to measure all items of the research variables. These items are anchored by (1) low usage and (5) high usage.

### **Halal Compliance**

This study uses new measurement for Halal Compliance based on the need for a food truck entrepreneur applying for halal certification has been outlined in item 6.2.2.8 Malaysian Halal Certification Manual (3rd Amendment 2014), which measures Halal Compliance with seven items: (1) The need for halal compliance is essential for reaching customer confidence and trust (2) I intend to apply for halal certification for my business in the future,(3) I have a clear understanding of the process of application of halal certification in Malaysia, (4) I understand the concept of *halalan toyyiban* as a food trader for Muslims, (5) I practice and care about cleanliness and holiness as a practice in food preparation services to my customers, (6) I feel that the status of halal certification is important for the longevity of my business, (7) My food business supervisor is a Muslim, (8) At least one of my business food provider is Muslim. This measurement has also been verified by a subject matter expert specializing in Halal research.

## **Food Ingredient**

This study also uses new measurement for food ingredient based is the means by the selection of ingredient used in preparing the food in the food truck businesses. This study measured food ingredient by 7 items: (1) I do not care about the halal status of items I buy for my business. (2) I do not understand the meaning / code of the material used in the product I purchase for my business necessities. (3) I will read the product label before buying the products for my business needs. (4) I have no plans to purchase certified halal products for my business needs. (5) I find it difficult to get all halal certified products for my business needs. (6) I do not mind spending more on halal certified goods for my business needs. (7) I prioritize Muslim made products in purchasing my business materials. From factor analysis, the items are divided into two dimensions. First dimension is food ingredient positive statement which is represented by items (3), (6) and (7). Second dimension is food ingredient negative statement which includes items (1), (2), (4) and (5).

Findings and Discussion Respondent Profile

Table 5 shows the respondent profile:

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|--|
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|   | Table 5: Respond   |       |            |
|---|--------------------|-------|------------|
|   | Description        | Total | Percentage |
|   |                    |       | %          |
| 1 | Gender:            |       |            |
|   | Male               | 33    | 68.8       |
|   | Female             | 15    | 31.2       |
| 2 | Business Period:   |       |            |
|   | Below 1 year       | 7     | 14.6       |
|   | 1 to 3 years       | 32    | 66.7       |
|   | More than 3 years  | 9     | 18.8       |
| 3 | Age:               |       |            |
|   | Below 20 years     | 3     | 6.2        |
|   | 21 to 30 years     | 27    | 56.2       |
|   | 31 to 40 years     | 16    | 33.3       |
|   | 41 to 55 years     | 2     | 4.2        |
|   | 56 years and above | 3     | 6.2        |
| 1 | Education Level:   |       |            |
|   | Master/PhD         | 1     | 2.1        |
|   | Degree             | 12    | 25.0       |
|   | Diploma            | 18    | 37.5       |
|   | SPM                | 15    | 31.2       |
|   | Others             | 2     | 4.2        |
| 5 | Position:          |       |            |
|   | Owner              | 27    | 56.2       |
|   | Employee           | 21    | 43.8       |

Table5 shows the background of respondents. The respondents of the study consists of 68.8% male and the remaining 31.2% were female. For the duration of the business, 7 respondents involved or 14.6% of those have newly formed the business which are below 1 year of operation. The majority of the respondents have conducted businesses for a period ranging from 1 to 3 years, which represent 32 food trucks or 66.7% and 9 respondents consisted of those who had run the food truck business for more than 3 years, which was 18.8%.

The majority of the respondents' age ranged from 21 to 30 years, 56.2%, followed by those aged from 31 years to 40 years, 33.3%. There are only 6.2% of respondents under the age of 20 years. The rest is 4.2% ie 41 to 55 years old and 6.2% more than 55 years old.

For level of education, the highest percentage of the respondents have a diploma consists of 37.5% followed by those with Sijil Pelajaran Malaysia (SPM) of 31.2%. Those with undergraduate certificates are 25%, bachelors / PhD 2.1% and the rest are those who are in the others 4.2% including *Pondok* education. Respondents of the study consisted of 56.2% employers while the remaining 43.8% were employed to work at the food truck.

## **Purchasing Aspect**

Figure 2 shows priorities of purchasing aspect for food ingredient among food truck traders.

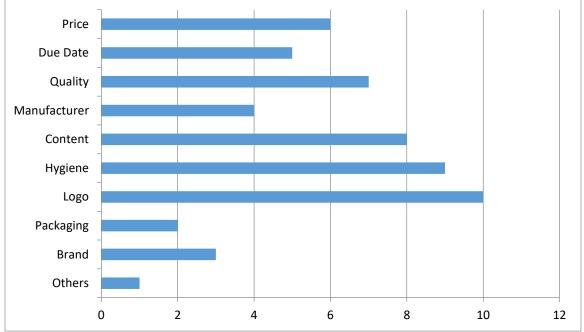
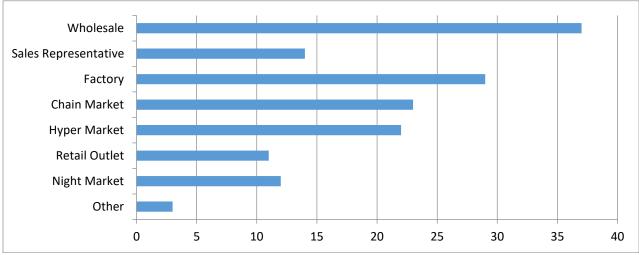


Figure 2: Priorities of Purchasing Aspect

Figure 2 shows the priorities of purchasing aspect among food truck traders. The highest priority is based on the Halal logo, followed by hygiene and the content of the food ingredient. The other priorities aspects are quality, price and expiration date of the food product. Findings show that the lowest priority aspects are brand, manufacturer and packaging of the product.



## **Purchasing Place**

### Figure 3: Priorities Place

Figure 3 shows the priorities of respondents in choosing the place or premises in purchasing food ingredients. The place chosen by most traders is the wholesale market, followed by purchasing from factories and hypermarkets. The lowest three choices are purchasing from sales representatives, night markets and retail outlets. The choice of buying food ingredient can

be attributed to the purchasing aspect, where majority of respondents admit to being heavily influenced by the Halal logo, hygiene and ingredient factors.

### **Descriptive Statistic**

| Variable                  | Total | Minimum | Maximum | Mean   | Std. Deviation |
|---------------------------|-------|---------|---------|--------|----------------|
| Food Ingredient-Positive  | 48    | 1.67    | 5.00    | 4.2431 | .76797         |
| Food Ingredient –Negative | 48    | 1.50    | 5.00    | 3.9010 | 1.08267        |
| Halal Compliance          | 48    | 2.14    | 5.00    | 4.5149 | .53023         |

Table 6 shows that halal compliance among respondents is high. The items on food ingredient based on positive response is high but items on food ingredients based on negative response is moderate.

## **Hypothesis Testing**

The results of testing the hypothesis is presented in Table 7 by using bivariate correlation. The findings suggest that hypothesis is mixed. Hypothesis expects positive relationship between food ingredient and Halal compliance. Result from factor analysis, shows food ingredient is divided into two dimensions; positive and negative statement. There is no significant relationship for negative statement but for positive statement, the result shows positive relationship and significance. Therefore hypothesis for positive statement is accepted while for negative statement it is rejected.

|                         |                     | Halal<br>Compliance | Food Ingredient-<br>Positive | Food Ingredient-<br>Negative |
|-------------------------|---------------------|---------------------|------------------------------|------------------------------|
| Halal                   | Pearson Correlation | 1                   | 0.527**                      | 0.177                        |
| Compliance              | Sig. (2-tailed)     |                     | 0.000                        | 0.230                        |
|                         | Ν                   | 48                  | 48                           | 48                           |
| Food                    | Pearson Correlation | 0.527**             | 1                            | -0.009                       |
| Ingredient-<br>Positive | Sig. (2-tailed)     | 0.000               |                              | 0.952                        |
|                         | Ν                   | 48                  | 48                           | 48                           |
| Food                    | Pearson Correlation | 0.177               | -0.009                       | 1                            |
| Ingredient-             | Sig. (2-tailed)     | 0.230               | 0.952                        |                              |
| Negative                | Ν                   | 48                  | 48                           | 48                           |

### Table 7: Bivariate Correlation

### Discussion

The halal compliance level among respondents of this study was high indicating that food truck dealers complied with halal compliance although they were not bound to apply for Halal certification. The preferred purchasing factor is the Halal logo, hygiene and ingredient

content. The preferred purchasing place in purchasing food ingredients are wholesale market and factory. Based on correlation analysis, the result shows that halal compliance is significantly influenced by the food ingredient.

The limitation of this study is that this study only looks at the purchasing of food ingredient factor of halal compliance. Therefore, it is proposed that future studies should look at other aspects such as the environmental and external factors that are expected to affect Halal compliance among food truck dealers. In addition, future studies are also proposed to look into the aspirations and actions of the authorities in ensuring Halal compliance among food truck dealers.

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### **Corresponding Author**

Farah Mohd Shahwahid Department of Law, Faculty of Syariah and Law, International Islamic University College Selangor, Malaysia Email: farahshahwahid@kuis.edu.my

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