

Muslim Consumer Behavior Towards Halal Industry 4.0: Attitudes and Perceived Risk

Anifatul Hanim^{1*}, Ivana Rosediana Dewi², Nanik Istiyani³

¹ Faculty of Economics and Business, University of Jember, Jember, Indonesia

² Department of Islamic Economics, Airlangga University, Surabaya, Indonesia

³ Faculty of Economics and Business, University of Jember, Jember, Indonesia

*Corresponding author. Email: hanim.feb@unej.ac.id

ABSTRACT

The development of industry 4.0 today requires the entire business industry to adapt to changes in technology and science, including the halal industry, namely by digitizing the halal industry and Muslim consumers. It is necessary to study how Muslim behavior in the decision to purchase a halal product in order to optimize the halal industry. Muslim consumers implement Islamic values and principles in consumption behavior so that they have different characteristics from consumer behavior in conventional theory. Muslim consumers are influenced by internal and external factors in making purchasing decisions for halal products, including subjective norms, perceived behavioral control, self-identity, halal awareness, religiosity, purchasing decision strategies, online consumer behavior consisting of perceived risk, technology acceptance. and online trusts. The purpose of reviewing the theory of Muslim consumer behavior is to be able to optimize the development of the halal industry by recognizing the behavior of Muslim consumers as the target market for the Muslim industry so that they can compete and develop halal products according to the needs and demands of Muslim consumers in the industrial era 4.0.

Keywords: Industry 4.0, Halal Industry, Muslim Consumer Behavior, Purchasing Decisions

1. BACKGROUND

Indonesia is a country with a population of 231 million Muslims with a population of 85% of the total population of Indonesia [1]. This data makes Indonesia the country with the largest Muslim population in the world. This large Muslim population makes the demand for halal products also large. The magnitude of Indonesia's potential in the halal industry, Indonesia is predicted to become the center in 2024. The total expenditure of Indonesian Muslims for shopping for halal products is USD 218.8 billion in 2017 [2]. The halal industry has contributed USD 3.8 billion to Indonesia's Gross Domestic Product (GDP) every year. Other than that,

The halal industry has also contributed USD 1 billion in investment from foreign investors and opened 127,000 jobs per year [2]. If optimized again, the halal industry can increase the value of exports and the country's foreign exchange reserves. So the halal industry is considered to have a strategic role in improving the country's economy.

This great potential becomes an opportunity that can be optimized to become a big revenue in advancing the country's economy. The country also become a large halal industry opportunity, with the

largest Muslim population in the world, only ranks 4th in the halal industry transaction [3].

In the development of industrial 4.0, all businesses are required to adapt to changes in technology and science, including the halal business by digitizing the halal industry. Changes in the business industry certainly affect the behavior of consumers who adapt to industrial digitization [4]. So that the halal industry with Muslim targets, it is necessary to study how Muslims behave in the decision to purchase in retail store [5]. So that it can optimize the halal industry.

2. LITERATURE REVIEW

2.1. Consumer Behavior

Consumer behavior studies the tendency to respond to an object whether it is liked or disliked for consumption. Internal and external factors will make individuals gain beliefs and behavior and then will affect their buying behavior [4]. The behavioral component according to [5] is formed from three components:

1. The cognitive component deals with things that are known to individuals or individual experiences, either directly or indirectly with the

object of behavior. The cognitive component is influenced by the individual's experience, observations and information obtained about the object of behavior. Cognitive is rational or reasonable. This component is better known as consumer confidence in an object.

2. The affective component relates to the consumer's feelings and emotions regarding the object of behavior. Consumers' feelings towards the object of behavior are strongly influenced by their cognition. Someone will buy a certain brand that is very liked because they have all positive knowledge about that brand.
3. The conative component relates to the individual's tendency to perform an action regarding the object of behavior. This component relates to someone's actions that will be carried out

2.2. Consumption Ethics in Islam

Islam is the religion of rahmatan lil 'alamin, which is a religion that is full of the grace and love of Allah SWT to the entire universe, regulates human life not only in relation to God (hablum minallah) but also regulates how humans live as humans in the world in fulfilling their needs. including how behavior in consumption becomes one of the pillars in Islamic economics that must be in accordance with Islamic principles and values. Consumption in Islam is also regulated in the Qur'an and Hadith so that humans carry out consumption activities in accordance with Islamic teachings and do not forget the main purpose of life, namely worship. The following is the verse of consumption in the Qur'an:

1. Humans in the world are allowed to own and enjoy the world's wealth, but on condition that they do not harm others and the concept of consumption and ownership is limited, that is, which is not excessive. All the resources that exist in the world are provided by God for humans to use as the fulfillment of daily needs and carry out their role as God's vicegerent on earth, this is a sustenance that God has sent down to humans. This is stated in Surah Al-A'raf (7): 31-32.
2. Muslims are required to eat halal and thayyib food. Food must be halal in food ingredients and production processes as well as thayyib which means good, the process and serving of consumption are suitable for consumption and beneficial for health so as not to hurt the body and soul. This is stated in Surah Al-Baqarah (2): 168 and An-Nahl (16): 114

3. Don't overdo it. According to Masyhuri in his book Islamic Economic Theory in [6] humans are of the view that humans are not responsible for anything for the earth and natural resources and have a life goal to achieve maximum satisfaction. However, in essence the world and its contents belong to Allah so that humans must be responsible for His creation. The Word of Allah SWT in Surah Ad-Dukhan (44:31), Al-Isra (17:26-28) and Hud (11:116).
4. Not stingy (balanced). Consumption in Islam also should not be stingy, miserly or false to oneself or others. Because consumption is a human gratitude to Allah for all the sustenance that He has sent down. So that consumption must be balanced that is not excessive but also not vanity. This is explained in the Qur'an Surah Al-Isra verse 29.

2.3. Maqashid sharia

The purpose of economic behavior including consumption in Islam is the achievement of Maqashid Syariah. Maqashid Syariah studied etymologically consists of two words, namely Maqashid and Sharia. Al-Maqashid is a plural or plural form of the word al-maqshud and from the root word al-qashada. The meaning of al-maqshud which is towards, intention, will, and intent [7].

Imam al-Syatibi with his book al-Muwafaqat (in Hakim, 2016) divides maqashid sharia or sharia objectives into three levels. The first is the fulfillment of dharuriyat needs, namely the level of basic needs that must exist or are called primary needs that must be met as basic human needs. If this need is not met, then human life will be threatened and benefit will not be achieved and ukrawi happiness cannot be achieved. Imam al-Syatibi [8] divides dharuriyat needs into five, namely:

1. Maintaining religion (hifz ad-din) religion is something that must be owned by humans so that their dignity can be raised higher than other creatures.
2. Nurturing the soul (hifz al-nafs) Islam dictates to maintain and respect the security and safety of human beings contained in the Qur'an al-An'am:151 and al-Baqarah:179.
3. Maintaining reason (hifz al-aql) reason makes humans better creatures than other creatures, maintaining reason is very important so that human life can continue to develop and be in harmony or not damage life according to Islam.
4. Maintaining honor and lineage (hifz al-nasl) Islam teaches to maintain honor and lineage, so that

each person has a clear ratio and lineage contained in the Qur'an surah al-Rum: 21.

5. Maintaining property (hifzal-mal) property in the world essentially belongs to Allah, but Islam recognizes private ownership but the assets obtained must be in accordance with Allah's command regarding muamalah.

The second is the fulfillment of Hajjiyat's needs, namely secondary needs, which are needed by humans to make life easier and eliminate difficulties and narrowness (Shidiq 2009). If the needs of the hajjiyat are not met, it does not threaten the existence of the five basic human principles, but will only lead to difficulties [9].

The third is the fulfillment of Tahsiniyat needs, namely needs which are muru'ah (moral) demands, and are intended for goodness and glory [10]. If it is not fulfilled, it will not damage or complicate human life. This tahsiniyat need is needed as a tertiary need to improve the quality of human life [9] [10].

3. DISCUSSION

The study of consumer behavior is basically a study of buying behavior in which consumers act as users, payers and buyers of an item or service. Consumers are the goal of a process of economic activity in goods and services, so it is very important to study consumer buying behavior to be able to understand the market [11]. Prediction of consumer buying behavior is difficult to obtain with certainty, because consumers are the final buyers of products and services which are external parties of a company [12] (Gajjar 2013). Many factors can influence buying behavior in consumers, internal factors in consumer behavior are perceptions and motivations [4]. Perception plays a major role in determining consumer behavior because it determines a consumer's purchase decision [13]

In Islamic economics the label "Halal" is considered a brand perception [14]. Because the Halal label in the industry refers to products that are halal and thayyib according to Islam, namely those that can be bought and consumed by a Muslim. A product is called Halal if it is free from illegal ingredients, such as pork and alcohol, and complies with Islamic principles of hygiene, humane treatment of animals, and other production rules [15].

The motivation of Muslim consumers is the consumption of goods and services that are in accordance with the objectives, namely in accordance with Islamic values and principles in meeting the needs of life. The relationship between motivation and perception is the motivation that underlies consumers to make purchasing decisions, while perceptions affect

what they want to buy. Perception and motivation will shape consumer behavior. Consumer perceptions and motivations that shape consumer behavior can be influenced by several internal and external factors of individual consumers, namely behavior, subjective norms, perceived behavioral control, self identity, purchase decision prices, etc.

3.1 Attitude (Behavior)

Thus, consumer behavior is based on their beliefs and knowledge about a particular commodity, which is the result of the information integration process and ultimately affects the individual's goal to behave in a certain way [16]. This is in line with [17] who stated that the more favorable the behavior with respect to a behavior, the stronger the individual's intention to perform the behavior under consideration.

Consumer behavior related to religion as a basis that influences consumers to choose a product to be consumed [18]. Differences in consumer behavior can occur due to differences in levels of religious belief, this means that consumers who feel they have a high level of religiosity will have a stronger motivation to obey religious rules than consumers who have a lower level of religiosity [19]. Muslim consumers have positive behavior towards halal products and are selective in evaluating the products to be purchased because Islamic law requires Muslims to consume halal products [20]. Individual behavior towards halal consumption begins with their belief that the product is halal.

In the development of industrial 4.0, all businesses are required to adapt to changes in technology and science, including the halal business which is gradually following the development of the industry, one of which is the digitalization of the halal industry. Changes in the business industry certainly affect the behavior of consumers who adapt to industrial digitization. The addition of consumer factors in buying halal products, among others:

3.2 Perceived risk

Perceived risk is related to the uncertainty felt by a consumer. [21] categorizes the components of perceived risk as follows:

1. the possibility of losing money (financial risk),
2. the probability that a product will not function properly (performance risk),
3. the possibility that a product may harm you (physical risk).

Another type of risk relates to the possibility that the buying situation does not match the consumer's self-concept (psychological risk), or that the purchase may negatively impact the way other people think about the consumer (social risk) [22].

Many previous researchers have found that an individual's perception of the level of risk is related to security and his perception of the types of risk, all of which significantly influence the intention to buy online [23].

Avoiding risk in Islam is an attempt to maintain Allah's trust in wealth for the benefit of mankind. Various sources of Qur'anic verses have given to mankind the importance of managing this risk. Human success in managing risk, can bring better benefits. With the emergence of this benefit, it can be interpreted as human success in maintaining the trust of Allah [24] Risk in Islam is explained in Surah Luqman verse 34 and Al Hasyr verse 18.

The two verses are about everything in humans there are risks that cannot be avoided, namely destiny,

and risks that can be avoided. As a human being, it is a form of effort in avoiding risks that can be avoided, one of which is being a wise Muslim consumer in buying online. Avoiding risk in Muslim consumers can also be practiced by avoiding businesses that contain usury, gharar, maysir and dzalim in the internet world.

3.2.1 Technology Acceptance

Technology Acceptance Model (TAM) is an explanation of the determinants of the adoption of consumer behavior towards the acceptance of the use of technology and information [25]. Perceived convenience is the degree to which a person believes that technology is easy to understand and use, thereby freeing a technology user from effort [25]. An easy-to-use system or technology will increase the intention to use a technology [26].

Although TAM was originally used with information systems in the workplace, it has also been successfully applied in many fields, including in the study of online consumption behavior. [27] Explain that there are two main factors that influence user behavior. The first is perceived usefulness and perceived ease of use. Perceived ease of use (PEOU) is defined as the extent to which a person believes that using a particular technology will not require additional effort [25]. Technology applications that are considered by individuals to be easier to use than other applications are more easily accepted by users than applications that are considered more difficult to use [22]. The second is the opposite, Perceived usefulness

is defined as the extent to which a potential user believes that the use of a particular tool or device will improve his or her performance [25]. Acceptance of technology will certainly affect the behavior of Muslim consumers who use technology as a tool or container to find halal products for consumption.

3.2.2 Online trust

[28] define trust as the tendency of one party to accept the actions of another party even though the first party is not protected by the second party and fails to control the actions of the second party. Rousseau, Sitkin, Burt, and Camerer (1998) [28] state that trust is a psychological state that rests on positive expectations from one's intentions to others. When a person trusts another party, feelings of confidence and security arise in that person towards the other party. Trust also occurs when there is a belief that the first party will not take advantage of the second party in any situation even though there is an opportunity to do so by the first party [28].

In online transactions, there is no physical interaction between the buyer and seller, and the payment method is usually paid for by credit card, increasing the chances of consumer financial data being exposed and used incorrectly. There is also a risk that the product received is not the original product. Thus, online transactions can create a sense of uncertainty among online shoppers[28]. In these uncertain circumstances, the role of online trust comes into play to mitigate certain risk issues that online shoppers may face. Lack of trust has been one of the most frequently cited reasons why consumers do not engage in e-commerce and refuse to engage in online transactions.

Online trust in Islam reflects one of the important teachings of Islam, namely honesty in buying and selling. This is stated in the Qur'an Surah Al-Ahzab verse 23-24, Al-Ahzab verse 35, Az-Zumar verse 33-35 and there are many verses of the Qur'an that guide Muslims to be honest. The following is a chart of Muslim consumption behavior in encouraging the halal industry 4.0:

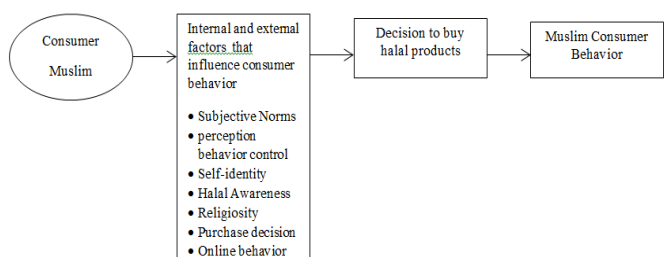


Figure 1. Muslim consumption behavior in encouraging the halal industry 4.0 Framework.

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