

REPORTING ON HALAL ACTIVITIES: WHAT COMPANIES COMMUNICATE TO STAKEHOLDERS

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Abstract

This study focuses on halal reporting in Malaysian companies. Halal reporting is one of the voluntary reports that provide an avenue to stakeholders to obtain halal information relating to companies. This study examined certified halal companies listed on the Bursa Malaysia. Companies' annual reports for financial year 2016, and their websites were analyzed using content analysis. The study identifies that halal reporting practiced by companies in the sample remains low. Most companies disclosed halal-related information in the Chairman's Statement and Risk Management sections of their annual reports. In contrast, companies were found to disclose more halal information in 'other' sections of their websites. The findings suggest that there is a need for halal-certified companies to enhance their halal reporting, especially in annual reports. This study provides evidence on the status of halal reporting and complements prior research that advocated halal reporting to stakeholders as a basic rule to meet the demands of shariah.

Keywords: Halal, reporting on halal activities, voluntary reporting

INTRODUCTION

Halal is a contemporary topic that is heavily discussed in the Muslim community. There is no doubt that the halal industry is important for Muslims to ensure that they can easily obtain halal goods and services. Records show that the global halal industry is continuously growing, with the worldwide halal food industry valued at USD 667 billion and annual growth of 16 percent per year (DagangHalal.com, Nov 2016). Worldwide spending on halal food and lifestyle products could rise by 10.8 percent per year until 2019

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to create an international industry worth USD 3.7 trillion (Global Islamic Economy Report, 2017). According to the latest Global Islamic Economy Report, the halal food sector alone will grow to a valuation of USD 2.537 trillion by 2019, up from USD 795 billion in 2014, which is equivalent to 21.2 percent of global food expenditures. The growth of the halal industry is reflected by the efforts of the Malaysian government to strengthen its halal certification process. Indeed, the Malaysian halal certification process, which is designed to cater to the halal goods' sector, was named the world's best example for halal food benchmarking by the United Nations in 1997 (Bohari, Wei Hin & Fuad, 2013).

The halal industry has grown rapidly in past years and is expected to grow further in the future. The industry has also covered wider sectors, such as food and beverages, pharmaceutical products, cosmetics, logistics, tourism, health and fashion. Looking at the growth potential of the halal industry, relevant business players should play proactive roles to strengthen their positions in the industry. Halal business players should shift their focus to business operations confined to halal aspects and take the utmost care not to violate shariah. Thus, they should exhibit concerns toward halal issues, which are then conveyed to their stakeholders. Halal activities cover anything that is permitted to be consumed and practiced by individual Muslims. Communicating with stakeholders is important for the success of a company since their support could ensure the company's existence for the foreseeable future (Yusoff et al., 2006). One way for companies to communicate with their stakeholders is through disclosures correctly stated in the annual reports and on the companies' websites.

This paper investigates the reporting on halal activities and the disclosures of halal practices by Malaysian companies. Specifically, this study aims to analyze halal-related information disclosed through annual reports and on companies' websites. This study also focuses on the locations of information related to halal activities being disclosed. In the next section, this study discusses the background of halal concepts and issues related to halal in Malaysia. This section is followed by a literature review on companies' reporting and disclosures. The underpinning theory used in the study is discussed in the subsequent section. Then, the study continues with the research methodology used. Next, a discussion of the findings is provided. Finally, conclusions are drawn regarding the reporting on halal activities in Malaysia, followed by suggestions on future research in this area.

BACKGROUND ON HALAL

Halal refers to anything that is permitted to be consumed and practiced by individual Muslims (Zawanah et al., 2008). Practicing and consuming halal

products and services is a primary obligation for Muslims. Among other things, the Quran says in Al-Baqarah,

“O mankind eat from whatever is on earth [that is] lawful and good and do not follow the footsteps of Satan. Indeed, he is to you a clear enemy.”

Al-Baqarah (2:168)

“O you who believe (in the Oneness of Allah - Islamic Monotheism)! Eat of the lawful things that We have provided you with, and be grateful to Allah, if it is indeed He Whom you worship.”

Al-Baqarah (2:172)

In general, the term ‘halal’ is usually attached to ‘toyyiban’, which refers to cleanliness, safety and goodness. In this case, the permissible goods should also be hygienic and safe. In ensuring that safety issues are not taken lightly, Malaysia has defined halal food through MS1500:2009, Standards Malaysia 2009 - Halal Food - Production, Preparation, Handling and Storage - General Guidelines. MS1500:2009 states that halal food is food and/or beverages that contains only ingredients permitted based on shariah and that complies with the following criteria:

- a) does not contain any parts or products of animals that are non-halal by shariah or any parts or products of animals that are not slaughtered according to shariah;
- b) does not contain *najs* according to shariah;
- c) is safe for consumption, nonpoisonous, nonintoxicating or nonhazardous to health;
- d) is not prepared, processed or manufactured using equipment contaminated with *najs* according to shariah;
- e) does not contain any human parts or derivatives not permitted by shariah; and
- f) during its preparation, processing, handling, packaging, storage and distribution, is physically separated from any other food that does not meet the requirements stated in items a), b), c), d) and e) or any other things that have been decreed as *najs* by shariah law.

In Malaysia, Jabatan Kemajuan Islam Malaysia (JAKIM) is the main agency of Islamic affairs management at the federal level, which focusing on drafting and standardizing Islamic laws, coordinating Islamic administration and developing Islamic education. JAKIM has provided guidelines for the halal assurance management system of Malaysia’s halal certification, promoting the adoption of systems when developing, implementing and improving the effectiveness of controlling halal purity and genuineness. The guideline is used for the term of the internal halal committee, internal halal committee meetings, documentation, control measures, corrective actions,

noncompliance, contamination, traceability, halal critical points and verification.

JAKIM standardized the logo of halal in Malaysia, as shown in Figure 1. However, JAKIM has also recognized foreign halal certification bodies and authorities. As of September 2017, there were 41 countries and 67 certification bodies with the halal logo that were recognized by JAKIM. The recognized foreign halal certification logos appear in the appendix. The recognition is based on the capability of foreign halal certification bodies to comply with the Malaysian procedures and guidelines.

Figure 1: Malaysia Halal Logo



Companies in Malaysia have the option to apply any halal certification by recognized halal certification bodies and authorities by JAKIM. Therefore, the companies that enjoy the halal certification should clearly mention and portray the halal logo and certificate in their reports. The validity of the appointment is for two years, and the appointed foreign halal certified bodies are listed on JAKIM's website as the recognized foreign halal certification bodies that can be accessed at <http://www.islam.gov.my/>. JAKIM reviews them for audit after the expiration of the appointment period.

Halal integrity is the backbone of a halal assurance management system, having robust principles or moral uprightness. Mohamed et al. (2016) believed that halal traceability enhances halal integrity for the food industry in Malaysia. Governments and related agencies have devised and undertaken various efforts to enhance the integrity of the halal industry in the country. Halal integrity includes many aspects, such as management responsibility, premises, devices, utensils, machines, processing aids, hygiene, sanitation, food safety, processing of halal, storage, transportation, packing, labeling, advertising and legal requirements.

Halal integrity is essential to build the confidence of consumers toward services and goods. As a global pioneer in halal certification, Malaysia has been widely recognized as a leading authority on matters related to halal certification and auditing standards, halal research and efforts in halal training. Companies, JAKIM, the Halal Industry Development Corporation

(HDC) and other related halal industries must ensure that the integrity of halal standards remains of the utmost quality and provide solutions meeting the demands of shariah compliance principles and of the commercial industry.

LITERATURE REVIEW

Corporate disclosure is considered one of the main challenges faced by companies, particularly in emerging economies (Wibowo, 2012). Moreover, investors and creditors are interested not only in evaluating the liquidity, profitability and financial conditions of the company but also in assessing nonfinance conditions, such as employee information and social responsibility (Bhasin et al., 2012), because such information helps them to make appropriate decisions.

Numerous studies have attempted to understand and explain this area of corporate disclosure that appears to lie outside the traditional domains of accounting disclosures. The evolving challenge in contemporary business companies is the need to reconfigure their performance indices to incorporate societal concerns as part of the overall goal of business. Social disclosures provide a strategic framework for achieving this holistic reappraisal of corporate performance (Dibia and Onwuchekwa, 2015).

Basically, companies' reporting includes two types of disclosures: mandatory disclosure and voluntary disclosure. Bogdan (2008) defined voluntary information disclosure as information provided in addition to mandatory requirements. The author contrasted voluntary disclosure by highlighting mandatory requirements, which are prescribed by regulations issued by governmental bodies. However, dissatisfaction with mandatory financial reporting has led investors, financial markets and other key stakeholders to demand that companies voluntarily provide more comprehensive information about their long-term strategies and performance (Boesso, 2007).

The importance of voluntary disclosure has increased over time. Companies must explain their activities to a wider public. Companies do so by expanding their communications on an array of issues and not only confining themselves to communicating about the economic aspects of their operations (Sulaiman, 2005). Disclosure forms a focal charter for public relations in communicating and providing mutual understanding, managing potential engagements and achieving legitimacy (Golob & Bartlett, 2007). The rise of international interest in the roles and responsibilities of companies has increased the pressure on companies to behave ethically. Brammer et al. (2007) stated that companies are facing pressure and thus develop policies, standards and behaviors that determine their sensitivity to stakeholders' concerns. Voluntary disclosure also depends on the industries in which the

companies operate. For example, in the tobacco industry, the reporting structure and formats of voluntary disclosure have been modified as companies have required from time to time (Fernando, 2014).

Allam (2003) stated that information provided within annual reports is usually accepted as being more reliable because independent parties have audited the reports. Thus, hard copies of annual reports are expected to be reliable sources of information for users to depend upon when making decisions. An annual report can generate more value if viewed as a communications opportunity, rather than a compliance obligation (Guidance Notes, 2015). Excellence in reporting increases levels of trust and confidence in the governance arrangements between companies and stakeholders; thus, companies can benefit from greater commitments, loyalty and support from their stakeholders.

Halal reporting is part of social reporting, based on the community's expectations. Reporting on halal activities is a type of voluntary disclosure. There have been limited studies that focused on halal reporting. Nik Zam Nik Wan and Noraida Saidi (2014) integrated halal reporting with corporate social responsibility disclosure (CSR). They stated that halal-related information is part of the common themes in CSR research, including product information. The study found that the level of disclosure by companies that provided halal-related information was relatively low, compared to other CSR themes.

Rusli Abdul Roni (2015) discussed halal reporting from the perspective of *maslahah (maqasid al-syariah)*. The author highlighted that disclosure of halal issues, products and services should not be perceived as a voluntary act by companies but should become a need and compulsory (*daruriyyat*) in nature. As discussed in western economic theories, decisions for voluntary disclosure will be motivated by economic returns to the organization. In contrast, Islam views voluntary disclosure more holistically. It serves as better guidance to organizations to practice their businesses and social responsibility since the teachings are based on the Quran and Sunnah. However, as his paper was conceptual in nature, empirical research on reporting of halal issues is needed.

Issues of halal products and services greatly affect consumers' confidence in the quality of halal brands. The issue of halal status and report must be addressed to improve the quality and integrity of halal product companies and related agencies. This section discusses the issue of halal governance. Mohd Aliff Abdul Majid et al. (2015) found that problems with halal governance are internal, due to lack of expertise since new staff has little knowledge and can slow the halal certification process with unsystematic filing systems.

Nornadia Matulidi (2016) highlighted that there are 15 issues in halal governance, categorized into 4 groups, for which laws, checks and balances are needed for all related halal agencies, implementation and authorities. The law for the halal industry became an issue due to there being no main law for the industry and different guidelines for federal and state laws (Mohd Aliff Abdul Majid et al., 2015; Nornadia Matulidi et al., 2016), while issues of checks and balances for all related halal agencies refer to lack of expertise, knowledge and comprehensive halal legal knowledge. In addition, lack of cooperation and differences in standard practices among agencies are issues of checks and balances for halal agencies. Next are issues on the implementation and monitoring of halal certificate usage. In addition, the issues pertain to authority. The paper emphasized the issue of the misaligned goals of the halal industry, ambiguous authority and the unclear functions and roles of agencies as main issues related to authority.

The adjustment was the Bursa Malaysia's Listing Rules, which required public listed companies to disclose narratives of how they applied the principles of corporate governance and the extent of their compliance with the Code on Corporate Governance best practices. Rohana Othman and Azlan Md Thani (2010) conducted a study of Islamic social reporting by listed companies in Malaysia using descriptive statistics of disclosure indices. However, the study only focused on corporate governance and social reporting, without focusing on halal activities.

The limited number of studies that focused on reporting on halal activities indicates the need for further studies of how companies in the halal industry communicate with their stakeholders. There has been limited quantitative analysis of the content of companies' halal reports. Therefore, this paper highlights the reporting on halal activities and halal-related information by 30 public listed companies in Malaysia.

UNDERPINNING THEORY: LEGITIMACY THEORY

Legitimacy theory is central to the social contract, which can be implicit or explicit, by which companies have a contract with society as a whole. The social contract is expressed by the expectations of the society, which are not fixed and change over time. It is the moral obligation of the companies to meet the expectations of the members of society. If the companies fulfill the expectations of the whole society, then it would be treated as legitimate; otherwise, its legitimacy would be at risk (Ali and Rizwan, 2013).

Only legitimate companies have the right to use society's natural and human resources. Therefore, companies are required to respond to the changing expectations of society to maintain their legitimacy (Ali and Rizwan, 2013). O'Donovan (2002) stated that legitimacy theory is based on the

perception that the company conducts itself in society through a social contract that management agrees to honor, based on a number of social requirements, in return for approval of its goals. Companies must behave and disclose sufficient information for society to judge whether or not the company is a good corporate citizen. Companies are then perceived as good corporate citizens performing social commitments.

With regard to the growing awareness of halal practices today, legitimacy theory stresses how a company will react to a particular community's expectations. However, since legitimacy theory is based on perception, any response or action by a company's management to community expectations should be accompanied by disclosures (Sulaiman et al., 2014). Additionally, such disclosures must be publicized so that users or external parties are aware of the companies' halal activities. One effective mechanism in corporate social reporting is disclosing in annual reports (Deegan, 2002).

The objective of the study is to examine halal reporting disclosures in Malaysia. Therefore, according to legitimacy theory, Malaysian companies are expected to provide proof to legitimize their existence in the society by disclosing their halal activities in annual reports. With regard to this study, to ensure continued existence and survive in a community, legitimacy theory preserves the image of a legitimate business in a society (Sulaiman et al., 2014). Moreover, legitimacy is believed to be achieved by demonstrating that the corporation's activities and performance are compatible with society's social values (Brown and Deegan, 1998).

METHODOLOGY

This research aims to examine the halal reporting practices of companies listed on Bursa Malaysia for financial year 2016. In addition, it also aims to compare the reporting on halal activities by companies in their annual reports and reporting on halal activities on the companies' websites. The study focuses on the level of halal information disclosed by food and beverage companies on consumers' product counters. As of 31 December 2016, there are 98 companies listed on Bursa Malaysia under the consumers' product sector. This research further segregates the food and beverage companies from the overall consumers' products. Consistent with Nik Zam Nik Wan and Noraida Saidi (2014), this study excludes Carlsberg Brewery Malaysia Berhad and Guinness Anchor Berhad. Based on purposive sampling, the study focuses on analyzing 30 companies' annual reports and websites. To ensure that all of the selected companies are halal certified companies, the study cross-checked the companies with JAKIM's halal portal, which can be accessed at <http://www.halal.gov.my>. Details of the companies in the sample are as shown in Table 1.

Table 1: Details of Companies in the Study

| Category | Companies Selected | |
|----------------------------------|--------------------|------------|
| | Count | Percentage |
| Biscuits | 2 | 7% |
| Confectionery and Snack Products | 4 | 13% |
| Fine Sugar | 1 | 3% |
| Flour and Animal Feed Milling | 2 | 7% |
| Other Food and Beverage Products | 10 | 33% |
| Pharmaceutical Products | 6 | 20% |
| Poultry Farming and Processing | 4 | 13% |
| Seasoning Products | 1 | 3% |
| Total | 30 | 100% |

This study analyzes the annual reports and websites using content analysis. Content analysis has been commonly used in voluntary disclosure research. It is a research technique employed to determine the presence of certain concepts or words within the text, which are suitable to meet the objectives of this study. Bauer (2000) defined content analysis as a research approach for systematically coding the symbolic contents created in all forms of noted communication. It allows for systematic, replicable and standardized processes in analyzing annual reports (Gray et al, 1995). Herring (2009) highlighted that content analysis has been generally employed in analyzing written frame media and the content of companies' websites.

Similar to Nik Zam Nik Wan and Noraida Saidi (2014), this research uses two approaches in examining halal-related information. The first approach uses sentence counts to measure the extent of halal-related information disclosed in annual reports and on websites. The word 'halal' was used as the keyword to search for any halal-related information. Milne and Adler (1999) suggested that sentences counts are more reliable than any other approach in content analysis, consistent with Nik Zam Nik Wan and Noraida Saidi (2014), who stated that sentence count is considered to be appropriate as an inference of the narrative statement and is necessary in halal-related information disclosure research. Indeed, Toms, Hasseldine and Salama (2005) mentioned that sentences are more natural units of written English to count than words. In addition, sentences are easier to identify.

Kirkman and Hope (1992) mentioned that the location of information is important in examining information disclosures. This research examines all sections in the annual reports, which include the Chairman's Statement, Individual Section, Business Review, Statement of CSR/Corporate Event, Sustainability Statement, Financial/Investment Report, Awards and Recognition, Risk Management and others. For the analysis of the websites, this study focuses on website sections, which include the Chairman's

Statement, Corporate Philosophy, Business Review, Corporate Information, Statement of CSR, About Us, Awards and Recognition, Director’s Profile, Investor Relations, Halal Section, Products/Services and others.

The second approach is used to evaluate whether or not companies disclosed halal-related information in annual reports and on websites. A binomial logic was used as suggested by Dainelli et al. (2013) and Sarman et al. (2015) to record the items. For the recording process, one (1) was assigned if the item was disclosed and zero (0) was assigned if the item was not disclosed. The halal-related terminologies that were evaluated are Halal Certification, Halal Policy, Company Commitment and Halal Facilities/Plant. The sentences are similar to those analyzed by Nik Zam Nik Wan and Noraida Saidi (2014). Based on the literature, this study adds other terminologies, which are Halal Standard MD1500:2009, Halal Hub Tax Incentives and Halal Committee/Halal Advisory Board. The research also examines whether or not the companies disclosed the halal logo issued by JAKIM, as shown in Figure 1.

FINDINGS AND DISCUSSIONS

Since the objective of this study is to examine 30 companies listed on consumer products counters at Bursa Malaysia, this study finds that companies in the halal industry must be accountable and efficiently disclose their halal-related information to the stakeholders. Halal-related information disclosed according to the section of the annual report is presented in Table 2. It was observed that almost 22% of the sample companies disclosed halal-related information in the Chairman’s Statement and Risk Management sections in the annual report. The average number of halal sentences disclosed in the Chairman’s Statement and Risk Management sections was 3 and 7 sentences, respectively. The results showed that the quantity of halal-related information was low; only 22% of the companies disclosed it in these two sections. The largest number of sentences was in the Sustainability Statement, where 10 sentences on halal-related information appeared. However, only 3 companies had included the sentences in this section.

Table 2: Halal-Related Information Disclosed according to Sections in Annual Reports

| Section with Disclosed Halal Related Information | Number of Companies Disclosed Halal Related Information | | Average Number of Sentences |
|--------------------------------------------------|---------------------------------------------------------|--------------|-----------------------------|
| | Count | Percentage % | |
| Chairman’s Statement | 7 | 21.9% | 3 |
| Individual Section | 4 | 12.5% | 2 |
| Business Review | 3 | 9.4% | 3 |
| Statement of CSR / Corporate Event | 3 | 9.4% | 3 |

| | | | |
|-------------------------------|----|-------|----|
| Sustainability Statement | 3 | 9.4% | 10 |
| Financial / Investment Report | 2 | 6.3% | 5 |
| Award and Recognition | 2 | 6.3% | 2 |
| Risk Management | 7 | 21.9% | 7 |
| Others | 1 | 3.1% | 7 |
| Total | 32 | 100% | 41 |

Overall, the results in Table 2 are consistent with the findings of Nik Zam Nik Wan and Noraida Saidi (2014), who found that the total number of sentences in the sections of annual report was 39. The research findings supported Nik Zam Nik Wan and Noraida Saidi (2014), who concluded that halal-related information seems to be insignificant to Muslim stakeholders. However, the findings do not support the legitimacy theory, where Halal certified companies are expected to provide proof their legitimacy through annual reports disclosure.

Table 3 shows the halal-related information disclosed according to sections of the websites. This research found that companies disclosed more halal-related information on the websites, although the difference was not large. The numbers of companies that disclosed halal-related information in annual reports was 32 companies, compared to 44 companies that disclosed halal related information on websites. Note that the number of companies is greater than the original 30 companies in the sample because certain companies disclosed halal-related information in more than one section. The average number of sentences disclosed was also greater on the websites. The study observed that 69 halal-related sentences were disclosed on websites, compared to 41 halal related reported sentences disclosed in annual reports. Of the companies that disclosed halal-related information in the "others" section, 20.5% comprised newsletters, taglines, article attachments, promotional words and product concerns. On average, there were 27 sentences disclosed in the 'others' section. There were 3 companies that had a dedicated halal section on their websites, with 15 halal-related information sentences. Compared to statements of CSR in annual reports, certain companies seemed to prefer to disclose halal-related information in statements of CSR on websites. Table 3 shows that there were 8 halal-related sentences in the statements of CSR. Thus, in terms of CSR, it can be concluded that companies prefer to communicate to stakeholders through websites, compared to annual reports.

Table 3: Halal-Related Information Disclosed according to Section in Websites

| Section with Disclosed Halal Related Information | Number of Companies Disclosed Halal Related Information | Average Number of Sentences |
|--------------------------------------------------|---------------------------------------------------------|-----------------------------|
|--------------------------------------------------|---------------------------------------------------------|-----------------------------|

| | Count | Percentage % | |
|--------------------------------|-------|--------------|----|
| Chairman Statement | 1 | 2.3% | 1 |
| Corporate Philosophy | 2 | 4.5% | 2 |
| Business Review/Corporate Info | 6 | 13.6% | 5 |
| Statement of CSR | 2 | 4.5% | 8 |
| About Us | 5 | 11.4% | 2 |
| Awards and Recognition | 6 | 13.6% | 2 |
| Director's Profile | 4 | 9.1% | 1 |
| Investor Relations | 2 | 4.5% | 5 |
| Halal Section | 3 | 6.8% | 15 |
| Products/Services | 4 | 9.1% | 2 |
| Others | 9 | 20.5% | 27 |
| Total | 44 | 100% | 69 |

Based on binomial logic, disclosure of halal-related information was further analyzed according to selected companies. Of the selected companies in the study, 61.54% (16 companies) did not disclose any halal-related sentences in their annual reports. Although all of the companies in the sample had halal-certified products, there were still companies that did not want to communicate halal issues through their annual reports, indicating that companies viewed halal-related information as insignificant to the stakeholders. Based on predetermined items, there were only 8 companies from the sample that demonstrated their commitment toward halal. Evidence of the company's commitment would boost the stakeholders, particularly consumers' confidence in the halal initiatives of the companies. An example of a company's statement of commitment toward halal follows.

"As a responsible corporate citizen, Company D manufactures imports and distributes only Halal products that have been certified by the Department of Islamic Development Malaysia (JAKIM) and the relevant recognised Islamic authorities. We are firmly committed to ensuring the peace of mind of all our consumers. Company D has adopted Halal practices since the early 1970s, when it first started its manufacturing sites in Malaysia. It was the first multinational to voluntarily request Halal Certification of all its food products when it was first introduced in 1994. The certified Halal status for all Company D's products provides assurance that Company D's products are manufactured, imported and distributed under the strictest hygienic and sanitary conditions, in accordance with the Islamic faith."

As a good practice of governance, companies should also disclose their halal committees/halal advisory boards in their annual reports and on their websites. One of JAKIM's requirements for multinational companies in halal

applications is to establish a halal committee. Companies should communicate with the stakeholders on the individuals who sit on the halal committee/halal advisory board. This exercise is similar to the requirement in corporate governance frameworks, in which stakeholders are aware of who manages and makes decisions in the company. Only 3 companies disclosed information related to halal committees in the annual reports, while 2 companies disclosed information related to halal committees on the websites.

Table 4 shows the differences in the disclosure of halal-related information in the annual reports and on the companies' website. Overall, there are evidence that companies use annual reports and websites to communicate halal reported information.

Table 4: Comparison between the Content of Halal-Related Information in Annual Reports and on Websites

| Content of halal related information | Number of Companies Disclosed Halal Related Information | | | |
|---------------------------------------|---------------------------------------------------------|------------|---------|------------|
| | Annual report | | Website | |
| | Count | Percentage | Count | Percentage |
| Halal Certification | 2 | 7.7% | 5 | 13.5% |
| Halal Policy | 5 | 19.2% | 3 | 8.1% |
| Company Commitment | 8 | 30.8% | 3 | 8.1% |
| Halal Logo | 1 | 3.8% | 12 | 32.4% |
| Halal Standard (MS1500:2009) | 7 | 26.9% | 9 | 24.3% |
| Halal Facilities/Halal Plant | 0 | 0.0% | 2 | 5.4% |
| Halal Hub Tax Incentive | 0 | 0.0% | 1 | 2.7% |
| Halal Committee/ Halal Advisory Board | 3 | 11.5% | 2 | 5.4% |
| Total | 26 | 100% | 37 | 100% |

CONCLUSION

Companies in the halal industry must be accountable and efficiently disclose their halal-related information to stakeholders. Disclosure of halal-related information could provide more understanding and a bigger picture of the companies' activities to the stakeholders. Based on the findings, it can be said that the level of disclosure of halal-related information is still low in Malaysian companies. However, companies with halal certified products have taken the initiative to report halal information, indicating an integration of halal activities as part of the business operations. Even with the growing awareness of halal practices today, the findings of the study do not support the legitimacy theory, which stresses how a company will react to a

community's expectations. Malaysian companies seem to not actively respond to or take action in meeting community expectations, which should be accompanied by disclosures. Based on legitimacy theory, social disclosures, which include halal activities, must be publicized so that users or external parties are aware of the companies' activities. It can be concluded that Malaysian companies do not utilize one of the effective mechanisms in corporate social reporting, which is disclosure in annual reports or on websites.

The findings of the study contribute in many ways. First, the findings provide an indication to the management of companies on the level of current halal-related information disclosures about halal activities. Second, they could also assist the stakeholders in making decisions relating to halal activities in the certified companies. Third, the study contributes to the literature by providing evidence on the status and current practices of companies in reporting halal activities. Finally, this study could contribute to the regulators of potential halal reporting guidelines as an effective communication tool in the halal industry.

This study has laid the groundwork for several strands of future research. Since this study was based only on consumer products, it might be unsuitable to use them for generalizing to other sectors. Thus, future research should be expanded to other sectors. This study of reporting on halal activities could also be applied with a broader scope by looking from the companies' side. Future research could investigate other channels of communication that companies use to inform stakeholders about their halal-related information.

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