

Determinant Factors Towards the Adoption of Halal Logistics Services among Malaysian Halal Small Medium Enterprises (SMES)

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Abstract: Factors that influence the intention of Malaysian Small Medium Enterprises (SME) to adopt Halal Logistics Services (HLS) study provides a model that identifies the influence of adoption factors on service innovation adoption intention among SMEs was formulated through literature reviews and preliminary study. 13 factors: Four internal and seven external factors were derived from literature review which than reduced to seven after pilot study and reliability test conducted resulted seven research hypotheses. Online survey made available to 1642 enterprise owners of halal SMEs but only 176 valid responses. Correlation coefficient used to test the hypotheses. Four of seven hypotheses were supported namely H₁- Familiarity with innovation, H₃ position in social network, H₄ benefit and H₇ political condition. SEM was used to evaluate the fitness of the influence model of adoption factors on the HLS adoption intention among SMEs. The model passed the three-fitness category with value $p = 0.083$, GFI, CFI, TLI, NFI above than 0.9, AGFI = 0.814, RMSEA = 0.132 and $\chi^2/df = 3.927$. Value of coefficient of determination R^2 is 0.74 indicates the contribution of exogenous constructs, internal and external factors in predicting endogenous constructs adoption intention is 74%. This implies that both factors have strong predictive power on the adoption intention of HLS among SMEs. Moreover, evidence showed that being in the same social group HLS players and has familiarity on HLS will significantly influence SMEs to adopt HLS. Understanding HLS benefits and with good support from the government significantly promotes the adoption of HLS among SMEs.

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