

10-30-2019

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Omar, Nor Asiah; Nazri, Muhamad Azrin; Zainol, Zuraidah; Ali, Mohd Helmi; and Alam, Syed Shah (2019) "Perceived Severity of Halal Violation: CSR and Consumer Boycott," *The South East Asian Journal of Management*: Vol. 13 : No. 2 , Article 6.

DOI: 10.21002/seam.v13i2.11348

Available at: <https://scholarhub.ui.ac.id/seam/vol13/iss2/6>

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183

Revised 31 October 2019
Accepted 4 December 2019

Abstract

Research Aims - Halal certification provides assurance to all Muslim consumers because it fulfills the Shariah law and follows the concept of halalan-toyyiban. The purpose of this research is to examine the effect of severity of halal violation and CSR on boycott towards the company that involved in halal violation incidents.

Design/methodology/approach - In total of 400 questionnaires were distributed amongst customers who were aware and/or had experienced the violation of a halal product. Data were analyzed using SEM-PLS to measure the direct and indirect relationships between the variables.

Research Findings - The result of this investigation showed that perceived severity of halal violation is significantly related to consumer boycott. Further results imply that perceived CSR not only contributes negatively to consumer boycott, but also significantly moderates the relationship perceived severity and consumer boycott.

Theoretical Contribution/Originality - This study is among the earliest to include CSR from a consumer perspective, particularly in the halal retraction context.

Managerial Implication in the South East Asian context - The present study suggests that Halal companies in South East Asian should be proactive in CSR initiatives in order to reduce the negative effect towards company evaluation such as boycott in case if halal violation incidents occur.

Research limitation & implications - This study bears several limitations. First, this study employed purposive sampling method and the scope of the study is only limited to the customers who are in Klang Valley, Malaysia. Hence, the results may not be able to generalise to other product categories and population.

Keywords - Halal violation, perceived severity, corporate social responsibility (CSR), consumer boycott, Malaysia

The South East Asian Journal
of Management
Vol. 13 No. 2, 2019
pp. 183-200

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INTRODUCTION

The halal industry is one of the fastest growing business sectors in the global market that includes finance, services, transportations, tourism, and food. Food is a necessity of life that gives energy and nutrients for growth, and there is tremendous market potential for halal food since the Muslim religion is also growing at an accelerated pace (Khalek & Ismail, 2015; Munich Personal RePEc Archive (MPRA), 2016). Many food companies are applying for a halal certificate to fulfil Muslim demands, especially in Southeast Asia, Europe, Africa and Arab countries. Due to the increasing trend of consuming halal food products among Muslims as well as non-Muslims, the global halal food industry was valued at USD 436.8 billion in 2016 and is estimated to grow by about 6.1% over the next seven (7) years (Abdur Razzaque & Nosheen Chaudhry, 2013).

Halal food must be free from any components that are prohibited (*haram*) for Muslims to consume which cover all aspects starting from the farm and ending at the table (Soon, Chandia, & Regenstein, 2017). According to Zurina (2004), processed food and beverages are only considered halal when it uses raw materials and ingredients from halal sources that are also compatible with Islamic guidelines. The industrialisation of food processing in the global era has exposed Muslim consumers to more imported ingredients, which makes it more difficult to differentiate which products are permitted or not permitted under Shariah law (Sahilah, Liyana, Aravindran, Aminah & Mohd Khan, 2016). Under Islamic law it is clearly explained that consuming halalan-toyyiban food products is permissible, safe and not harmful (Fadzlillah, Man, Jamaludin, Rahman & Al-Kahtani, 2011). The concept of halalan-toyyiban is not only confined to food, but also non-food products such as cosmetics, pharmaceuticals, finance, personal care and services. From an industry perspective, the concept of halalan-toyyiban reflects hygiene, safety, and a high-quality standard that meets international standards (Zainol, Yahaya, Osman & Omar, 2019).

Halal confirmation is granted in the form of a certificate with a halal logo. A halal food certificate refers to the inspection of food processes in terms of preparation, slaughtering, ingredients, cleaning, processing, handling, transportation, and distribution conducted by authorized bodies that comply with Shariah law (Sahilah, Laila, Aravindran, Aminah & Mohd, 2016). Establishment of a special institution to issue halal certification is one of the initiatives pursued by most countries in the world to ensure the quality standard of halal accreditation (Omar et al., 2017).

The halal logo in Malaysia was introduced by JAKIM in 1994 (Ambali & Bakar, 2014). The Department of Islamic Development (JAKIM) is the agency responsible for Islamic affairs including halal certification for local and export markets (Henderson, 2016). JAKIM also recognises 78 foreign halal certification bodies from 45 countries that comply with Malaysian procedures and guidelines (JAKIM, 2019). The availability of a halal logo has become one of the biggest contributing factors that allows products to penetrate and be accepted into a market. The halal logo is also available in other countries such as thru the Indonesia Council of Ulama (MUI), the Islamic Religious Shandong Islamic Association (SIA) China, Halal

certification Europe (HCE), the Islamic Food and Nutrition Council of America (IFANCA), and Halal International Authority (HIA) Italy. The establishment of a halal logo by authorized bodies worldwide delivers strong enforcement to industry players to be more conscious about products, purity, hygiene, safety and consumer protection (Ambali & Bakar, 2014). Halal certification provides assurance to all Muslim consumers because it fulfils Shariah law, and is reflected in quality products that follow the concept of *halalan-toyyiban*, which also comply with GMP and HACCP requirements (HDC, 2018). For the purpose of halal certification, an agency responsible for halal certification needs to ascertain the halal status of the product/service at every stage and at every process by carrying out an official site inspection/audit on the plants to examine and assure that the halal status of raw materials and that there is constant monitoring.

Many businesses are unaware that having a halal certified business includes a huge responsibility towards Muslim consumers (Ibrahim et al., 2010). One way to safeguard their business, is to include corporate social responsibility (CSR) as one of their initiatives, which is to be socially involved with society (Ibrahim et al., 2010). By doing so, the business will also be following Islamic business ethics that requires highlighting the benefit to humanity while upholding God's order (Ahmad, 1991). According to Ibrahim et al. (2010), for a company to meet the legal responsibilities of the CSR pyramid they have to follow halal rules and regulations, Halal certification requirements and standards to operate as a halal business.

Recently, Malaysia had two cases where halal certification was withdrawn because the production company failed to follow the guidelines of the halal authority. Two products from Cadbury, namely, Cadbury Dairy Milk Hazelnut and Cadbury Dairy Milk Roast were recalled from the market due to a claim that the products contained traces of porcine (Halalmedia, 2014; The Star, 2014). The violation of the halal certificate had a negative impact on the company's image and reputation, leading a number of Muslim consumers to boycott and avoid the products (Omar, Nazri, Mohd Ramly & Zainol, 2018).

Involvement in positive community activities has always been a very important consideration for business corporations. According to Smith (2002), there are positive feelings attached to the act of doing what is right and doing good for others, such as emphasized thru CSR initiatives. Empirically, ethical and socially-responsible organizations reap several benefits such as a good reputation and evaluation (Grégoire & Fisher, 2008; Tian et al., 2011), positive customer satisfaction (Luo & Bhattacharya, 2006), and greater employee commitment (Collier and Esteban, 2007). Interestingly, several studies indicated that company involvement in CSR is critical during the communication between the customers and their product or service providers (Berens et al., 2005; Becker-Olsen et al., 2006). According to Berens et al. (2005) and Sen and Bhattacharya (2001), most customers will have different types of associations with a company, which will have different influences on the product or service evaluation. The associations that consumers have with a company's CSR activities influences product and service evaluations (e.g., Berens et al.,

2007; Tian et al., 2011) and also service failure (Bolton & Mattila, 2015). Recent research indicates that a halal company that practices good reputation management through CSR is likely to have a positive corporate image (Mohtar, Amirnordin & Haron, 2014).

However, whether an active CSR program can help companies during halal violation incidents (i.e., halal certificate revocation in well-publicized situations of defective products) is still unknown. The investigation and results from this study will help a company to leverage their CSR involvement and develop the most effective company strategy to address the negative impact of a halal violation incident. The objectives of this paper are twofold: first, we would like to examine the effect of perceived severity from a halal violation and perceived CSR on consumers that boycott; and second, to test the moderation effect of perceived CSR on severity of a halal violation and boycott in order to understand their relationship during halal violation incidents.

LITERATURE REVIEW

Boycott, Perceived Severity, and Perceived CSR

Consumer dissatisfaction is a common occurrence in the marketplace. Unethical corporate behaviors can lead to boycotts, which reflect adverse negative consumer behavior and emotion. A boycott is one of the ways for a consumer to respond to company misconduct (Lindenmeier, 2012). Consumers will refrain from buying products because of some form of ideological dissatisfaction with a company or country (Lee et al., 2009), such as the failure of a company to fulfill their ethical responsibilities (Lavorata, 2014). Most consumers participate in boycotts to show severe discontent (Braunsberger & Buckler, 2011). Thus, if a company that possess a halal certificate breaches their credibility by having a non-halal item in their product, consumers will feel frustrated and betrayed, leading to negative behavior such as a boycott (Omar, Zainol, Thye, Ahmad Nordin & Nazri, 2017; Omar et al., 2018). According to Yang and Tang (2014), boycotts are a form of collective activism and behavior to express an opinion to policymakers. The main objective of a boycott is to put pressure on and tarnish a target firm's reputation and image by changing public perception towards the company (Luo et al. 2016; Luders, 2006). Furthermore, the higher the level of the feeling of betrayal will accordingly increase the level of retribution (Grégoire & Fisher, 2008).

Severity relates to a customer's perceived intensity of the service failure (Weun et al., 2004) or the magnitude of loss that customers experienced as a consequence of the service failure or violation (Hess, 2008; Hsieh, 2012). The effect of the breach on customers is likely to be associated with their subjective assessment of intensity or seriousness (severity) of the violation. Additionally, due to violation businesses will face two types of loss: a tangible financial loss, and an intangible emotional cost in customer perceptions (Hess et al., 2008). Accordingly, this research operationalizes the severity of a halal violation as the perceived seriousness of the breach and the magnitude of the damage suffered by customers as a result of the violation.

It is expected that a severe violation will result in a higher loss than a minor violation and the higher the severity of the halal violation, the higher the retaliation and boycott. Consequently, this study examines the direct effect of perceived severity on consumer boycott, and suggests the following hypotheses:

H1: The perceived severity of a halal violation is positively related to consumer boycott.

The concept of CSR is based on the argument that firms must go beyond legal and economic responsibilities and serve a large stakeholder, which is the community (Freeman, 2010). Carroll (1991) proposed a four component model of CSR that incorporates economic, legal, ethical, and discretionary responsibilities and a firm must meet the expectations of all the stakeholders associated with each of these components. Later, Carroll (1999) revisited his own 1991 definition and replaced the socially supportive function with being a good corporate citizen. Meanwhile, other scholars such as Brown and Dacin (1997) and Khoury et al. (1999) have defined CSR from a stakeholders' perspective, which includes customers, employees, society, owner/investors, government, competitors, and suppliers. From a halal perspectives, the idea of CSR must be based on Islamic business ethics that prioritize the benefit of mankind while sustaining the order of God (Ahmad, 1991). According to Choudhury and Hoque (2004), the episteme of Islamic CSR is based on *Tawhid* (Oneness of God) and Shariah principles derived from the Holy Quran and Sunnah. Islamic CSR does not differ significantly in definition from conventional CSR. However, it exhibits significant differences in numerous aspects such as objectives, epistemology, accountability, ethical values, and types of contracts (Choudhury & Hoque, 2006; Lewis, 2008). Halal rules and regulations based on Islamic law, halal certification requirements, and halal standards are the basis for a halal businesses to meet the legal responsibilities of the CSR pyramid (Ibrahim et al., 2010).

Lewis (2008) noted that within an Islamic economic system an individual is expected to behave in a socially responsible way in society. Furthermore, the Islamic economic system allows people to trade in a fair and profitable way without exploiting the rights of others and to benefit society at large. Thus, in Islam, CSR is defined as the obligation of a business to safeguard the legitimate interest of all stakeholders and to be economically, legally, ethically, and philanthropic in accordance with Shariah principles. Godfrey (2005) and Vlachos et al. (2009) argued that trust towards a firm can be derived from the firms' involvement in CSR activities as this represents ethically justifiable behavior. The stakeholder theory approach ensures the success of the firm in the long-term through involvement in CSR activities (Lee et al., 2019). Hence, the effects of CSR activities were found to influence positive corporate behavior such as purchase intention (Sen et al., 2001), firm performance (Brammer and Pavalin, 2006), loyalty (Choi and La, 2013), and corporate image (Lee et al., 2019). Moreover, past researchers also suggested that CSR is able to reduce and eliminate potential negative effects like financial risk (Jo and Na, 2012), reputation risk (Bebbington et al., 2008) and boycott (Georgallis, 2017; Yang and Rhee, 2019). Hence, this research proposes that:

H2: Perceived CSR is negatively related to consumer boycott.

Another important aspect that can reduce the effect of “doing bad” is CSR. Several researchers argued that “doing good” can at times be used to counterbalance some “doing bad,” because of the moral capital generated by CSR activities (Armstrong and Green, 2013; Perks et al. 2013). Moreover, when a customer has similar values (e.g., CSR values) with the company, the relationship remains strong even though the company is facing negative publicity regarding the quality of a single product (Chappell, 1993). As a result, perceived CSR becomes more important and noticeable when the company is in a negative situation (Bolton & Mattila, 2015; Herr et al., 1991) and lessens the effect of negative public attention on organizational attractiveness (Van Hoyer & Lievens, 2005). If a company is found to be involved in wrongdoing, customers will shift to justifying any information about the company in order to reduce their cognitive dissonance. Thus, a company with strong CSR values will be portrayed as having a good reputation and socially “doing good” to their customers. As suggested by Tang et al. (2012) consistent CSR activities can indicate sincere motives, which build stakeholder confidence in the firm’s commitment to CSR. The consistency of CSR activities was found to moderately effect the relationship between CSR and firm performance because inconsistency when engaging in CSR activities can portray that the firm is mere façade, especially after the occurrence of negative episodes (Frooman, 1999; Tang et al., 2012). Consequently, consumers who have a strong perceived CSR will be less sensitive towards halal violation incidents that occur at a company. This relationship requires further investigation, and as such, this study includes perceived CSR as a potential moderator in the relationship of perceived severity and boycotts. The following is proposed:

H3: The effect of perceived severity of a halal violation on consumer boycott is moderated by perceived CSR. Specifically, a company that engages in CSR activities will have a reduced negative relationship between perceived severity and boycotts.

RESEARCH METHODS

The study hypotheses were empirically evaluated using a questionnaire answered by consumers who were aware and/or have encountered a halal product violation. Participants were provided with a list of cases of halal violation in Malaysia and were required to select one particular case in order to respond to questions based on halal violation issues. Furthermore, respondents were also provided with a description of a halal violation and example of CSR activities involving the companies on the front page of a questionnaire. This was to ensure that the respondents do really understand the scope and objectives of the research. This study employed a purposive sampling method and managed to collect 334 usable questionnaires from a total 400 questionnaire that were distributed, which was equal to an 83% response rate. In our sample, 250 participants were female (75 %) and 232 participants had a bachelor’s degree or higher (69%). In terms of age, 41% of respondents were 26–35 years old and the majority of the respondents (44.6 %) were single.

Measures

The constructs in this study were measured using 5-point Likert scales drawn and modified from previous literature. To ensure the questionnaire's reliability, this study conducted back-to-back translation of English and Bahasa Melayu. The back-translated English version was then checked against the original English version (Reynolds et al., 1993). This study also performed a pilot test to evaluate the quality of the scales. Therefore, some items were rephrased from the questionnaires after the pilot test. To confirm the content validity of the measurements, the final questionnaire was pre-tested among academic and industry experts. It is important to note that all the items were adapted from existing literature. Appendix 1 illustrates the measures devised to test the research hypotheses. Four items of perceived severity were developed and modified based on Omar et al. (2017) and Bansal and Zahedi (2015). Five items for perceived CSR were adapted from the research by Lichtenstein et al. (2004). Consumer boycott was measured with six items adapted from Abosag and Farah (2014), Omar et al. (2017) and Rose et al. (2009). In line with past studies, all the constructs in the study were measured as a reflective.

Common Method Bias (CMB)

A number of tests were used to ensure there is no common method bias (CMB) problem in this study. First, this study conducted Harman's one-factor test to check on the existence of CMB. The result of 22.7% for the first factor, indicates it was not contributing towards CMB (Podsakoff et al., 2003). Second, the correlations between constructs measured in the correlation matrix were evaluated. None of the correlations were higher than a value of 0.90. Therefore, the results indicated that CMB is not likely to compromise the findings of this study (Bagozzi et al., 1991). Besides applying the statistical remedies, procedural remedies were also applied during the research design process to reduce method bias (Podsakoff et al., 2003). A brief introduction related to the study was included in the questionnaires without implying any relationship between the independent and dependent variables (Podsakoff et al., 2003). To overcome any issues of bias, the questionnaire was also pre-tested, and in several sections, the respondents were notified that there were, no "right or wrong" answers (Podsakoff & Organ, 1986).

RESULTS AND DISCUSSION

Reliability and Validity

The measurement model evaluation includes examining the link between the variable and its items with the common rule of thumb for item loading being .708 or higher (Chin, 2010; Fornell & Larcker, 1981). Therefore, one item from perceived severity and two items from perceived CSR were removed due to low loadings. In terms of reliability, the test of the composite reliability (CR) revealed that the value exceeded the cut-off value of .7, and the average variance extracted (AVE) was also above .50 (refer Table 1). These results indicate that the three constructs in this study possess a high level of consistent internal reliability (Hair et al., 2017). Next, discriminant validity was evaluated by analyzing the items' criterion of Fornell-Larcker, cross-loading, and HTMT. For this purpose, the reliability of individual items for

cross-loading was further examined to ensure that the loadings are higher in its corresponding construct than others. As recommended, the cut-off value for loadings was set to be significant at 0.6 (Chen & Myagmarsuren, 2011). Table 2 shows that for three reflective constructs, the square root of AVE is greater than the correlation with the other constructs fulfilling the Fornell-Larcker. Another alternative approach to assessing discriminant validity is through HTMT criterion (Henseler et al., 2015). All the values fulfil the criterion of HTMT_{.90} and the HTMT_{.85}. Moreover, the confidence interval does not display a value of 1 for any of the constructs. As a result, this study concludes that discriminant validity was confirmed.

Hypothesis Testing

Perceived Severity, Perceived CSR and Consumer Boycott

Structural model assessment includes determining how well the empirical data support the theory and therefore deciding whether the theory was empirically verified for the predicted hypotheses. Prior to assessing the structural model, this study first calculated variance inflation and tolerance values to evaluate the multicollinearity issue. The results of variance inflation factors (VIFs) were in the range of between 1.100 and 1.342. According to Venkatesh et al. (2012), VIFs values that are less than 5 do not indicate a major problem. Thus, collinearity among predictor constructs was not a problem in the structural model proposed in this study.

The significance of the model’s structural path was further examined by running the bootstrapping procedure in SmartPLS 3.0 with 2,000 samples and 334 cases. The conceptual model shows a moderate part of the variance in the endogenous construct because R² values for consumer boycott were .270. In reference to Hair et al. (2017), R² values at 0.67, 0.33 and 0.19 were respectively judged as substantial,

Table 1
Results of Measurement Model and Reliability

Construct	Item	Loading	AVE	CR	CA
Consumer Boycott	Behavior_1_1	0.898	0.794	0.958	0.958
	Behavior_2_1	0.937			
	Behavior_3_1	0.922			
	Behavior_4_1	0.887			
	Behavior_6_1	0.876			
	Behavior_7_1	0.822			
Perceived CSR	CSR_1_1	0.950	0.903	0.965	0.946
	CSR_2_1	0.962			
	CSR_3_1	0.940			
Perceived severity	SEV1	0.842	0.747	0.899	0.833
	SEV2	0.896			
	SEV3	0.855			

Note: Cronbach Alpha (CA), Composite reliability (CR); Average variance extracted (AVE)

Table 2
Discriminant Validity Analysis

Variables	Consumer boycott	Perceived CSR	Perceived severity
Consumer boycott	0.944*		
Perceived CSR	-0.305	0.975*	
Perceived severity	0.384	-0.084	0.929*

Note: *square root of the AVE for each construct is given at the diagonal entries

moderate and weak. Based on the above-mentioned results, this study achieved a satisfactory level of explanatory power in the model proposed.

Table 3 demonstrates the significance testing results that include the t- statistic standard error, path coefficient, and significant level of the analysis. The result hypothesis testing presents that three paths were statistically significant at the .05 and .001 levels. A significant level of 5% is normally accepted in marketing literature (Hair et al., 2017). Both H1 and H2 were supported with the results indicating that the path coefficient of perceived severity of the halal violation on consumer boycott is equal to .395, $t = 8.896$, $p < .000$ and perceived CSR has significant negative effects on consumer boycott ($\beta = -0.188$, $t = 3.163$, $p < 0.001$). In addition, Table 3 and Figure 2 depict the moderating effects of CSR on perceived severity and consumer boycott (H3). The result of the bootstrapping procedures revealed the path coefficients of $\beta = -0.219$, $t = 3.480$ for H3 at p-value $< .000$ for the interaction construct, suggesting the proposed hypothesis, H3, was statistically significant.

MANAGERIAL IMPLICATIONS IN THE SOUTH EAST ASIAN CONTEXT

Various reports indicate that Muslim customers are becoming more aware and sensitive to consuming halal products and utilization of services that are Shariah compliant (Battour & Ismail, 2016; Jafari & Scott, 2014). Most often, Muslims try to avoid products and services that are ‘Makrooh’ or ‘Syubhah’ (doubtful). The concept of halalan thoyyibban, which comprises cleanliness, quality and safety that

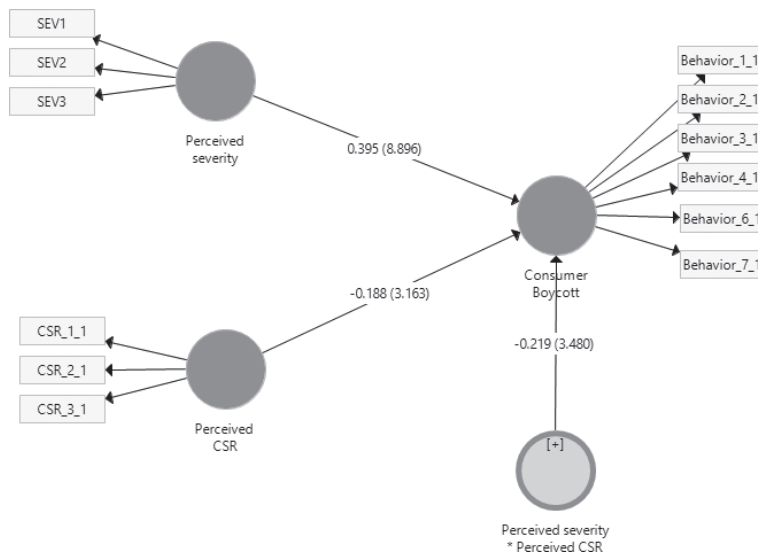


Figure 1
Structural Model with Interaction Effect

Relationship	Std Beta	Std. error	t- value	P Value	f	Supported
H1 Perceived severity → Consumer boycott	0.395	0.044	8.896**	0.000	0.204	Yes
H2 Perceived CSR → Consumer boycott	-0.188	0.059	3.163**	0.001	0.040	Yes
H3 Interaction Effect: Perceived CSR X Perceived severity → Consumer boycott	-0.219	0.063	3.480**	0.000	0.052	Yes

Table 3
Results of the Structural Analysis

is embedded in the whole supply chain and across all channels, covering the farm, origin and processing of edible goods. Undoubtedly, it is more challenging to market to halal consumers and maintain the halal status of products and services.

The lack of a standard halal certification causes problems for the global halal food industry and its customers. Furthermore, the requirements for obtaining a halal certificate are also becoming more rigorous, such that it is difficult and costly for some businesses, since it involves site audits and continuous monitoring (Henderson, 2016). Halal certification standards are different from one agency to another. Malaysia aims to be one of the countries in the world with a halal food certification strategy supported fully by the government (HDC, 2015) and plans to be a global halal hub serving Muslim consumers, manufacturers, and traders all around the world. A report in 2017 suggested that Malaysia recorded RM43.3 billion in halal exports, which comprises 4.6% of the nation's total exports of RM935.4 billion.

Thus, companies' involvement in CSR activities and programs can create recovery strategic synergies in the development of a positive reputation and images of company products and brands. Companies can also cooperate with local communities and institutions such as mosques and schools in CSR activities. Such cooperative CSR involvement will help to strengthen the relationship between the general public (one of the stakeholders) and companies (Mostovicz, Kakabadse & Kakabadse, 2009). The involvement of a company in CSR will send a signal that the company is being a fair and responsible organization that a customer can trust (Bustamante, 2018). This will also create a positive outcome for the company in terms of shareholder value (Hogarth et al., 2018) and consequently lead towards positive organizational performance (Kang, Lee, & Huh, 2010; Wang et al., 2015). Given that service failures are unavoidable and recovery is crucial in customer retention, companies involved in CSR may elevate consumer resistance to negative publicity. Our results suggest that CSR programs are an effective pro-active recovery strategy and technique when unexpected events occur, such as with halal violation incidents.

THEORETICAL IMPLICATIONS

The present study attempted to examine the relationship of perceived severity of a halal violation towards consumer boycott. Additionally, perceived CSR was in-

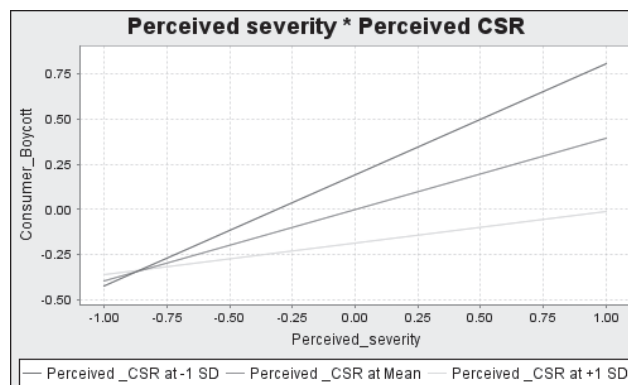


Figure 2
Interaction plot for
Moderation Effect

cluded in this study to investigate the direct relationship between consumer boycott and the ability to moderate the direct relationship.

The results in this study were congruent with previous studies (Klein et al., 2002; Vanhamme and Grobben, 2008; Omar et al., 2018; Yang and Rhee, 2019). Consumer boycott was positively influenced by perceived severity of a halal violation. Perceived CSR also negatively affected consumer boycott, which confirms the significant relationship between these two variables. The result from this study implies that a perceived halal violation is one of the main reasons consumer express their dissatisfaction by boycotting the product, especially in the context of a halal certification retraction. Given the moral dimension of boycotts (Klein et al., 2002), it seems that some consumers believe that boycott participation is desirable and it is their moral obligation to keep away from a company's products that have violated the halal certification. Consistent with prior studies, our results also indicated that boycott participation is more likely when it involves social issues (Sen et al. 2001) and for goods and services that are publicly purchased and consumed (Rea, 1974).

Active CSR activities can reduce the negative behaviour among consumer towards the company because a positive image and proactive involvement are vital to reducing the impact on a tarnished reputation (Tang et al., 2002). It is also crucial to the company that involved in a negative halal incident to respond in a considered manner to maintain their reputation. In addition, previous studies propose that customers often focus more on negative publicity than positive in shaping their overall evaluations of a company (Ahluwalia et al., 2000). This study complements past research by presenting CSR as a moderator that can lessen the weight of negative publicity that may lead towards a boycott, particularly due to a halal violation. In other words, it is highly recommended for a company to be consistently involved in CSR activities and design strategies related to CSR programs that effectively mitigate negative publicity and impacts.

Perceived CSR has a huge contribution in the halal literature. This study is one of the earliest research studies looking at CSR in a halal context, while previous studies have extensively investigated this variable from management and ethical perspectives (Fassin et al., 2011; Singhapakdi et al., 2015). The significant finding of this study is inline with the prior literature on the influences of CSR on purchase and intentions (Lee and Shin, 2010; Sen et al., 2001)

There are several impacts. For example, Becker-Olsen et al. (2006) suggested that proactive CSR initiatives resulted in more favorable attitudes toward a company, which increased consumers' purchase intentions. Moreover, past results found a direct effect between CSR and corporate evaluation (Ricks, 2005; Tian et al., 2011); resilience to negative information about the company (Godfrey, 2005); willingness to pay high price for products of companies (Carvalho et al., 2010; Trudel & Cotte (2009), and purchase intention/loyalty (Becker-Olsen et al., 2006; Lee & Shin, 2010; Martínez et al., 2014). Thus, CSR can be further confirmed and applied to other settings, such as halal violation.

In term of the moderating role of perceived CSR, perceived CSR influences the strength of a positive relationship and perceived severity in regard to a halal violation and consumer boycott. This implies that CSR activities can be helpful in persuading consumers to not participate in a product boycott. As such, continuous and proactive actions from the company in CSR activities may help to reduce the damage in halal violation incidents. Thus, the findings from this study enriches theory in marketing and will help practitioners to act and preserve a company's reputation when incidents happen.

CONCLUSION AND LIMITATIONS

This paper provided empirical findings demonstrating the way in which perceived severity, and perceived CSR contribute to consumer boycotts in a halal violation context. The findings made a contribution to the service recovery management field from the perspective of the halal industry by enhancing the understanding on how consumer perceived CSR and perceived severity of a halal violation contributes to consumer boycott.

The conclusions of this study hold some interesting implications for practitioners in a halal business. First, there are important consideration for adopting CSR initiatives among halal companies. It is crucial for halal companies to be involved in CSR activities in order to reduce the negative effect towards company evaluation if a halal violation occurs. Thus, halal companies should be proactive in CSR initiatives in order to overcome negative consumer perceptions. Second, the present study emphasizes that the higher perceived severity of a halal violation is more inclined to a greater likelihood of a consumer boycott. However, companies that are involved in proactive CSR initiatives are able to reduce the negative impact of halal violation towards the company.

Despite the useful findings of this study, several limitations need to be acknowledged. First, due to time and resource constraints, the sample size of the study was limited to 334 respondents. Second, the findings cannot be generalized extensively as the scope of the study is only limited to the customers that were aware or had experienced halal violation incidents in Klang Valley, Malaysia. Thirdly, this study employed cross sectional data (Sekaran, 2016) because the data was collected at a single point in time. However, the respondents were approached at various places and times during the data collection process to minimize potential response bias. In addition, this study employed purposive sampling and its findings cannot be statistically representative of the total population (Saunders et al., 2015)

Therefore, further research can (1) extend the model by incorporating different types of perceived CSR, such as proactive and reactive CSR, and by (2) incorporating different product categories and various negative consumer behaviours, such as avoidance and negative word of mouth. In addition, a qualitative method is also recommended for future research to generate more information related to the present study and to expand similar studies to other countries.

Acknowledgement

This work was supported by the Malaysian Research University Network (MRUN) grant scheme: EP-2019-004/(UPM/800-4/11/MRUN/2019/5539140) and USIM grant scheme: PPPI/FEM/0217/051000/10818.

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Appendix

Construct and Source	Items
Perceived severity (Bansal & Zahedi, 2015; Omar et al., 2017)	<ul style="list-style-type: none"> • the incident is severe • may result in a major problem • could cause a great deal of inconvenience • not threatening at all
Perceived CSR (Lichtenstein et al., 2004)	<ul style="list-style-type: none"> • Company XYZ is committed to using a portion of its profits to help nonprofits • CompanyXYZ gives back to the communities in which it does business • Local nonprofits benefit from company XYZ's contributions • Company XYZ integrates charitable contributions into its business activities • Company XYZ is involved in corporate giving
Consumer boycott (Abosag & Farah, 2014; Omar et al., 2017; Rose et al., 2009)	<ul style="list-style-type: none"> • I feel guilty if I bought Company XYZ product • I do not like the idea of owning Company XYZ product • I would pay more for the product from other company • I would never buy Company XYZ product • Whenever possible, I avoid buying Company XYZ product • I do not like the ideas of owning Company XYZ product.

Appendix 1
Research model measures