Consumer Retaliation to Halal Violation Incidents: The Mediating Role of Trust Recovery

(Retaliasi Pengguna terhadap Insiden Pelanggaran Pensijilan Halal: Peranan Pemulihan Kepercayaan sebagai Pemboleh Ubah Pengantara)

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ABSTRACT

In recent years, there have been several cases in which Halal certification has been rescinded by the authorized institutions due to negligence to adhere to the certify standards of Halal products. The purpose of this study is to explore the influence of severity of Halal violation on consumer anti-consumption behaviors through the mediating role of trust recovery. A survey design using cross-sectional primary data from 212 Malaysian consumers that were aware and/or had experienced the violation of a Halal certification was collected. Hypotheses related to determinants and outcomes of anti-consumption behavior were tested by means of Structural Equation Modeling (SEM). Findings show that trust recovery and anti-consumption behaviors are negatively related; the severity of Halal violation is positively related to anti-consumption behaviors. Moreover, the finding suggests that trust recovery partially mediates the relationship between severity and anti-consumption behaviors. These results establish a previously unexplored link. Implications for Halal food industry are discussed.

Keywords: Trust; severity of violation; anti-consumption behaviors; halal recovery; halal certification

INTRODUCTION

Halal which means lawful, legal, legitimate or permitted (Borzooei & Asgari 2013) is closely related to religious concept that influences perception, attitudes and behavior in a Muslim consumption (Hanzae & Ramezani 2011). Halal has become a profitable industry and is expected to be worth more than US$2.3 trillion in 2012, and expected to increase to US$10 trillion by 2030 (IFancc Halal Newsletter 2014). With an average growth rate of 6.9% per year, Halal is a sector that cannot be ignored, especially by companies who want to make their mark internationally. Halal can no longer be viewed as purely religious-centered. Few proactive companies such as Nestlé, Walmart and McDonald’s consider Halal and Muslim segment as the next ‘one-billion’ market, after China and India, and are aggressively developing strategies to tailor to the Muslim consumer. Moreover, Halal certified products are now considered as a product of quality, and not limited only to Muslims but to all consumers worldwide (Ali, Xiaoling, Sherwani & Ali 2017; Izberk-Bilgin & Nakata 2016). To ensure the quality standard of Halal accreditation, most of the countries around the world have established institutions specifically
for Halal certification such as: The Department of Islamic Development (JAKIM) (Malaysia), The Indonesian Council of Ulama (MUI), Muslim Professional Japan Association (MPJA), Shandong Islamic Association (China), The Central Islamic Committee of Thailand (CICOT), Halal International Authority (HIA) (Italy), Halal Certification Europe (HCE), and The Islamic Food and Nutrition Council of America (IFANCA) (JAKIM 2015).

According to Shariff and Lah (2014), Halal Certifying Organizations (HCOs) play a crucial role in determining if a product is Halal or not and to assure the quality of products represented as Halal. Under the Islamic values, the concept of Halal covers throughout the whole production process, from raw materials sourcing and purchasing to the consumption of products, where consumers are the utmost driver to the growth of this industry. Companies awarded with Halal certification/logo are given a trust on the authenticity of Halal to carry the responsibility of delivering a hygienic and healthy products and services in accordance with Islamic guidelines and principles (Zailani et al. 2010). Accordingly, several studies conducted in Pakistan and Malaysia found that Halal certifications delivers and assures the customer that the product is fit for consumption for a Muslim (Salman & Siddiqui 2012) and portray safety, quality and cleanliness (Ali et al. 2012).

Although firms attempt to maintain Halal certification and standards, there will be occasional failures and violations. There are cases in which Halal certification has been withdrawn due to failure of the company to follow the standards. For example, the incident involving High-5 bread and the case involving two Cadbury products in Malaysia (Cadbury Dairy Milk Hazelnut and Cadbury Dairy Milk Roast Almond) which expired on November 2014 and January 2015 respectively that had Halal certification were found to contain pig (porcine) DNA by the Malaysia Health Minister (HalalMedia 2015; The Star 2014; Sinar Harian 2014). Under Sharia (Islamic law), products that contain pork are not considered Halal, and so should not be consumed by Muslims. After a thorough investigation to determine the cause behind the incident, JAKIM conducted new tests and found that the products complied with the Halal’s certification standard and further announcements to the public that Cadbury was Halal to consume (EatHalal 2014; Reuters 2014). Moreover, Cadbury Malaysia, whose parent firm is Mondelez International Inc., has stood by its products’ Halal worthiness and assured the public it was working with authorities to resolve the matter.

Cadbury’s Facebook page made an announcement that the company identified the batches which had been recalled and emphasized that no other products were affected (Cadbury 2014). The concerns over Halal food standards could jeopardize Mondelez’s sales in Muslim markets that are larger than Malaysia, such as Indonesia, home to the world’s largest Muslim population, and in the Middle East (Grudgings 2014). To gain trust among Muslim consumers, Cadbury initiated an advertising campaign titled “All is good. Enjoy us again” and “You’ve trusted us for 40 years and can continue to do so” was published in major newspapers in an attempt to recover Muslim consumers’ confidence (Cadbury 2014). The incident has resulted in mixed evaluations from Muslim consumers (Astro Awani 2014), as most of them are still unsure on the issue, which has resulted in a deterioration in Cadbury chocolate sales. In addition, stark actions such as boycott and shut down of Cadbury plant were suggested by several NGO leaders as lesson for other food producers (Kamal 2014; The Guardian 2014).

Following the breakout news of Halal violation, customers may have different responses on the seriousness of the Halal violation by companies. Consuming Halal is an essential part of the Islamic faith, thus, not addressing the Halal violation incident will result in major business failure. Generally, severity of violation has been found to affect customers’ trust and/or behavior in trust repair (Bansal & Zahedi 2015) and service failure recovery (Weun, Beatty & Jones 2004; McQuilken 2010). In the case of service failure related to Halal, it appears that there is more than service recovery alone. Recently Jaques (2015) illustrates that for a multinational company doing business in a Muslim country, any Halal issue response strategy must be based on sound local knowledge and understanding of the religious implications. Furthermore, the service failure severity is predicted to have an impact on post-recovery trust, commitment, and negative word-of-mouth (Weun et al. 2004). Few previous studies related to service recovery have included trust recovery (Choi & La 2013; Martínez & del Bosque 2013) and severity of failures by culture (Zourrig, Hedhli & Chebat 2014), seriousness of violation on privacy concern and repaired trust (Bansal & Zahedi 2015). Past studies have demonstrated that a successful service recovery can have a positive effect on consumer attitudes as well as behavioral intentions (de Motes et al. 2009). Nevertheless, providing an effective service recovery remains a challenge for many organizations (Sousa & Voss 2009). In the area of management, several researchers identified that bad experience is strongly to unwanted behavior than good in most social relationships (Baumeister et al. 2001; Padilla et al. 2007).

In the case of Halal violation, it appears that there is more than service recovery alone. Most past studies on Halal are related to Halal logo and customers’ confidence (Mohamed et al. 2008), religious identity and boycott (Hirschman & Touzani 2016); non-Muslim awareness on Halal food (Ahmad et al. 2013), Halal certification (Verbeke et al. 2013; Zannierah et al. 2012), Halal for cosmetic products (Annabi et al. 2017; Ali et al. 2016) and branding (Ali et al. 2017; Maulan et al. 2016) with the exceptional study by Omar et al. (2017) on the effect of psychological contract violation on product boycott. Though service failure relating to Halal certification does not frequently occur, it has major consequences to the company reputation and sustainability. Hence, it is importance to understand the recovery strategy to deal with such incident. To our knowledge, no previous
research has explored the recovery remedies involving Halal certification retracted incidents. In order to fill the gap, the present research empirically analyzes whether severity of violation and trust recovery are related to anti-consumption behaviors (boycott and revenge). Interestingly, this paper also focuses on the mediating role of trust recovery between severity of violation and anti-consumption behaviors (boycott and revenge) that have barely been examined in the literature, particularly from an empirical perspective. It is projected that the findings will allow academics and practitioners to understand this topic. The paper begins with a review of the relevant literature about the underlying theories and relationships between the constructs. Then it proposes a model which links these four variables. Then, the methodology used to analyze the research hypotheses is explained. Finally, the results, conclusions, and recommendations for future research are presented, together with some of the study’s limitations.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

CONSUMER ANTI-CONSUMPTION BEHAVIOR

Anti-consumption literally means “against consumption.” It refers to consumers who are strongly opposed to the acquisition, use and dispossession of goods and brands (Lee et al. 2008). Literatures on consumer research suggest anti-consumption as consumers’ voluntarily responses for avoiding a product or brand (Cova & D’Antone 2016; Lee et al. 2009). A brand of product that against consumers’ values and self-concept will cause a consumer perceives a company/brand as undesirable or incongruent values. As a result, the customer will be motivated to engage in a variety of anti-consumption actions such as boycott (Hoffman & Mueller 2009; Lee et al. 2009) and revenge behavior against company (Grégoire et al. 2010). Hoffman and Mueller (2009) found that the effects of boycotting are stronger among customers that identify with a company than non-customers, arguing that customer identification with a company may not always benefit the company.

There are several ways consumers react to damage caused by companies. Some consumers engage actively in negative word of mouth behaviors, complaining, boycotting companies, taking legal actions, and other forms of protest that can cause a negative impact to companies (Grappi et al. 2013). Anger is also one of the emotional responses from the consumer while having bad service from the company (Heyes & Kapur 2012). Consumer outrage is a subcategory of moral outrage associated with anti-consumption behavior, and particularly boycotting behavior (Lindennmeier et al. 2012). Reviews of the literatures suggest that anti-consumption behaviors are due to societal and personal motivations (Iyer & Muncy 2009; Nepomuceno et al. 2017). Lavorata (2014) argues that boycott occurs when some consumers avoid specific products and brands due to companies’ ethical credibility. Most consumers participate in boycotts as a way to express severe dissatisfaction with a company or country’s actions and/or policies and to force the company to change or abandon behaviors that are considered to be unethical or socially irresponsible (Braunsberger & Buckler 2011). In their study on boycotting, Kozinets and Handelman (1998) identify anti-consumption behavior as a means to stand out from the crowd; an activity valued for its ability to convey uniqueness and define a personal morality. Similarly, Lee et al. (2009) explained boycott as part of anti-consumption behavior which refers to consumers who abstaining from purchasing products due to some form of ideological discontent with a company or country.

Recent studies found that consumers with resilient relationships with the company are likely to react the most negatively (Nepomuceno, Rohani & Grégoire 2017; Trump 2014). Accordingly, customers who feel more betrayed by the company are more prone to feel betrayed, which leads them to a higher level of retaliation (Gregoire & Fisher 2008). Recently, several researchers suggested that consumers will desire for revenge, rage, and dysfunctional behavior if a product/service failure has been left unrepaired (Daunt & Harris 2014; Liao et al. 2015; McColl-Kennedy et al. 2009) or the failure involves societal value such as respecting basic human rights (Nepomuceno et al. 2017). For instance, the revelations of Volkswagen crisis about the diesel engine has ignited a great deal of anger among auto wholesalers, private dealers, and, owners, to the extent some owners swore they would never buy another car from this company (cbnews.com). Grégoire et al. (2009) defined consumer revenge as consumers’ efforts to punish and cause inconvenience to corporations for the damages they have caused. Interestingly, revenge behavior as aggressive and confrontational and also short-lived as it is associated with extreme cognitions (betrayal) and emotions (anger) which are unhealthy to remain over time.

This hostile and vengeful response happens when these consumers disbelieve that the company will hold up its end of the relational bargain, such as treating the consumer dishonestly or by failing to right misbehavior. Therefore, Trump (2014) proposes that if the company experiences a product performance failure, it would be wise to target recovery efforts to those who were personally affected by the problem, compared to investing in broad campaigns to solve the crisis. Most companies that failed to address service failure will lead to a decline in customer trust and commitment (Wang et al. 2011). In addition, the severity of the service failure is noted to have an impact on post-recovery trust, commitment, negative word-of-mouth (Weun et al. 2004) as well as revenge and boycott (Lindennmeier et al. 2012; McColl-Kennedy et al. 2009; Zourrig et al. 2009).
TRUST RECOVERY

Literature on relationship marketing has suggested trust as one of the most fundamental principles for establishing exchange relationships as well as for establishing trust relationships after service failure (Niu et al. 2016). In the context of service marketing, trust is seen as the expectations held by the consumer that the service provider is dependable and can be relied on to deliver on its promises (Sirdeshmukh, Singh & Sabol 2002). Based on the expectation-confirmation theory, customer’s trust increases when they perceive the recovery has met or exceeded their expectations (de Witt et al. 2008). According to Kantsperger and Kunz (2010) trust can be categorized into benevolence and credibility.

Weun et al. (2004) defined trust recovery as the manner in which a service provider handles a service problem during the course of service recovery. It is the process by which initial steps are taken to address failure and to pacify the dissatisfied customers from behaving negatively such as boycott, revenge, and avoidance (Kau & Loh 2006). Past studies note that companies involved in service failure are likely to incur a loss in the income and greater investment to repair the service failure. (Weun et al. 2004). As mentioned by Gregoire et al. (2009) customers that experiencing both a service failure and a poor recovery is the context that often leads to 96% of online complaints.

Interestingly, several studies show that trust recovery will affect trust, word of mouth (Kau & Loh 2006; Pizzutti dos Santos & Basso 2012), and loyalty (Choi & La 2013; Martínez & del Bosque 2013). Consumers are likely to perceive the service recovery as untrustworthy when they receive poor service recovery (de Witt et al. 2008). Recently, Ketelaar et al. (2015) found that greater perceived trustworthiness leads to less avoidance of advertisement and positive word-of-mouth (Ding & Lii, 2016). The preceding discussion suggests that trust recovery is likely to influence anti-consumption behavior. This leads to the following hypotheses:

H1a Trust recovery is negatively associated with a customer’s boycott behavior.
H1b Trust recovery is negatively associated with a customer’s revenge desire.

SEVERITY OF VIOLATION ON HALAL

Severity refers to customers’ perceived intensity of the service failure (Weun et al. 2004) or the magnitude of loss experienced by customers as an outcome of the service failure or violation (Hess Jr. 2008; Hsieh 2012). The impact of the violation on customers’ loss of trust is likely to be related to their subjective evaluation of the intensity or seriousness of the violation. Trust can decline rapidly or even dissolve due to violations of mutually agreed upon expectations and the dissolution of trust is directly related to the severity of the violation (Jones & George 1998; Aaker et al. 2004).

Customers’ losses due to violation could be a tangible monetary loss or intangible emotional losses such as frustration, feelings of betrayal, or inconvenience (Hess Jr. 2008). Based on this, this study operationalizes the severity of violation on Halal as customers’ perceived seriousness of the violation and the magnitude of loss experienced by customers as an outcome of the violation. We see a Halal violation incident as an unfavorable behavioral exchange that potentially reduces customers’ trust, and the magnitude of reduction on trust would be directly related to the severity of the violation. Based on past studies, severity is found to be negatively related to trust (Weun et al. 2004; McQuilken 2010; Bansal & Zahedi 2015) while other studies suggest that trust erosion could be independent of severity (Wang & Huff 2007; Elangovan et al. 2015). In the context of Halal products, trust is the most important attitudinal factor in determining product choice and behavior, just as post-recovery satisfaction and perceived justice are for service failure (Yim et al. 2003; Hess Jr. 2008; Matos et al. 2012).

Bejou and Palmer (1998) found that trust decline is greater for a major failure compared to a minor failure, but the effects are non-linear with very recent and very long-term customers showing more forgiveness for the mistakes of the company. In particular, Weun et al. (2004) and Bansal and Zahedi (2015) suggest that severity is negatively related to trust. In the Eastern cultural context, severity is significantly associated with attitudinal and behavioral changes. Accordingly, Balaji and Sarkar (2013) found that more severe failures are related to more “unfavorable” post-failure attitude, lower customer satisfaction, lower loyalty, and a higher propensity to engage in negative word-of-mouth. The emotional and behavioral consequences of severity of failure are explained by the social exchange theory (Blau 1964). Customers direct their behavior to various companies based on the specific nature of the social exchange. When customers perceive that they are fairly treated by the organization (i.e. a favourable exchange) they will respond with positive behaviors toward the organization. Conversely, in the case of violations on Halal (i.e. an unfavourable exchange), they will feel betrayed and engage in negative behavior directed towards the organization (Gregoire et al. 2009). Empirical studies found that failure severity lead to anger and desire for revenge (Joireman et al. 2013), intentions to switch (Swanson & Hsu 2009; Riaz & Khan 2016) and negative word-of-mouth (Wetzer et al. 2007; Matos et al. 2012). Therefore, when consumers perceived a more severe violation, they were more likely to affect trust recovery and anti-consumption behaviors. The following hypotheses are based on the literature just cited:

H2a Severity of violation on Halal is negatively associated with trust recovery.
H2b Severity of violation on Halal is positively associated with a customer’s boycott behavior.
H2c Severity of violation on Halal is positively associated with a customer’s revenge desire.
For customers who have developed unconditional trust in the company, the severity of the violation on Halal is perceived to be so serious that they could experience immediate dissolution of trust (Jones & George 1998). On the other hand, other customers may perceive that the violation is forgivable or minor (low severity), resulting in relatively unchanged levels of trust (Hsieh 2012; Jones & George 1998). Trust is defined widely as “a willingness to accept vulnerability based upon positive expectations of the intentions or behavior of another” (Rousseau et al. 1998: 395). In violations on Halal, avoidance behavior and boycott are suggestive of customers’ unwillingness to put themselves in positions where they could face future transgressions. The extent to which customers are willing to be vulnerable again to Halal violators can be accounted by trust recovery efforts. For customers who had experienced service failure and recovery, voluntary offer of financial compensations and honesty about the violations communicate the repentance of and good intentions on the side of the transgressor with subsequent gain in trust (Desmet et al. 2011) and trust recovery rebuild loyalty (La & Choi 2012). Trust recovery efforts could also mitigate failure severity effects on revenge desire using apology in combination with compensation because the apology communicate positive intentions on the part of the company and compensation motivated reconciliation (Joireman et al. 2013). The preceding discussions suggest that trust recovery has intervening role in the relationship between severity of violations on Halal and anti-consumption behavior. Therefore, H\(_{3a}\) and H\(_{3b}\) are formulated as follows:

\begin{align*}
H_{3a} & \text{ Trust recovery mediates the relationship of severity of violations on Halal and boycott behavior.} \\
H_{3b} & \text{ Trust recovery mediates the relationship of severity of violations on Halal and revenge desire.}
\end{align*}

THEORETICAL BACKGROUND

The proposed research model displayed in Figure 1 is based on the well-established cognitive appraisal theory of Lazarus (1991), prospect theory, and trust theory. The cognitive appraisal theory explains how consumers’ assessments of failures affect their cognitive, emotional, motivational, and behavioral responses. The theory argues that consumers that perceive firms’ negative motives and/or betrayal will lead to cognitive responses among consumers such as sadness, guilt and anger due to the failure. The negative feelings, mainly anger, prompt consumers to hold a grudge (i.e., desire for revenge, desire for avoidance) against firms. Past studies suggest that consumer anti-consumption behavior can be initiated by a service failure and/or company’s misbehavior (Grégoire et al. 2009). A service failure is experienced when a product or service is not performing as it should (e.g., company’s Halal certification is retracted by the authorities).

While the theory of prospect asserts that in decision-making, resources are weighted differentially according to the utility and the amount of losses than gains (Kahneman & Tversky 1979). Based on this theory, service recovery will be more effective when the severity of the failure/violation is low than when it is high. Several researchers (Hoffman et al. 1995; Mc Collough et al. 2000) contended that the higher the degree of severity of the failure, the lower the level of customer satisfaction. Severity of Halal violation in this study refers to a customer’s perceived intensity of a service problem due to service failure in delivering Halal product. The more intense or severe the service violation, the greater the perceived loss and the lesser the desire to continue the relationship (Keaveny 1995). Moreover, severe service violation is also likely to increase negative word-of-mouth due to the strong negative emotions associate with the service failure (Richins 1987; Thaler 1985).

Furthermore, a violation of trust can have negative effect on the relationship in which the trust breach occurs. Recent findings have shown that trust violation has a positive impact on firm’s monetary loss (Bottom et al. 2002). In line with Morgan and Hunt (1994) Key Mediating Variable (KMV) model, customer’s perception of firm’s trustworthiness is positively related to long-term relationship between customers and firms and positive consumer behavior. In the context of service failure, customers’ evaluations of the firm’s recovery efforts and severity of the failure are critical in evaluating the firm’s trustworthiness and in rebuilding customer trust (Aaker et al. 2004; Weun et al. 2004). In this study, trust recovery refers to how much a consumer relies on or trust a firm after a service failure (Chaudhuri & Holbrook 2002).

\[\text{Severity of Violation} \rightarrow \text{Trust Recovery} \rightarrow \text{Boycott} \rightarrow \text{Revenge}\]

FIGURE 1. Conceptual framework for the study

Based on the framework, it is hypothesized that severity of violation is positively related to boycott and revenge. While, there is a negative relationship between severity of violation and trust recovery, and trust recovery and boycott and revenge.

METHODOLOGY

DATA COLLECTION

The target population for this study involves consumers who are aware and/or had experienced the violation of a Halal product. Respondents were given a list of Halal violation incidents in Malaysia and they were required
to choose a specific incident they have experienced in answering the questions based on the Halal violation issues. This study used a convenience sampling where the questionnaires were distributed in Klang Valley, Malaysia. Two phases were included in the survey development: an interview and a survey pre-test. In the first phase, we obtained the constructs and measurement items from the literature and in-depth interviews were conducted with three experts in order to ensure their appropriateness of wording and context. This is to ensure the measurement items and each construct can be understood (Dillon et al. 1994). In the second phase, the questionnaires were pilot tested using convenience sampling to 15 respondents. Then, the questionnaire was officially distributed via self-administered questionnaires in April 2015. Specifically, the respondents were asked to choose the Halal violation incident that they just experienced and still remembered. Questionnaires were dropped off and collected from consumers after they were completed. Respondents were assured of confidentiality and anonymity of their returned questionnaires. At the end of the data collection period, a total of 250 questionnaires were collected. However, only 212 useful questionnaires were usable for further analysis (85%).

MEASURES

All of the constructs used in the proposed model were measured using multi-item scales, adapted from previous studies that reported high statistical reliability and validity. The questionnaire was developed by adapting measurements from various studies. Five Likert scale ranging from strongly agree to strongly disagree was used for item measurement of anti-consumption behavior consists of boycott, and revenge, the severity of violation, and trust recovery. Item measurements were adapted from the existing literature as listed in Table 1.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Item Measurement</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boycott</td>
<td>feel guilty if I bought avoid buying do not like the idea of owning would pay more for the product from other company</td>
<td>Abosag &amp; Farah (2014)</td>
</tr>
<tr>
<td>Revenge</td>
<td>the company should pay (eg. be fined, legally reprimanded etc) the company would suffer loss the company should get what it deserve</td>
<td>Mccullough &amp; Witvliet (2002)</td>
</tr>
<tr>
<td>Trust Recovery</td>
<td>keeps their promise to their customers believe the information given trustworthy in dealing with the incidents genuine on matters relate to Halal considers our welfare as well as its own trust in keeping customer best interest</td>
<td>Desmet et al. (2011); Wong Sohol (2002)</td>
</tr>
<tr>
<td>Severity of Halal violation</td>
<td>the incident is severe may result in a major problem could cause a great deal of inconvenience not threatening at all</td>
<td>Weun et al. (2004); Joireman et al. (2013); Bansal &amp; Zahedi (2015)</td>
</tr>
</tbody>
</table>

DATA ANALYSIS AND FINDINGS

DESCRIPTIVE OF STUDY SAMPLES

Among the samples collected, the majority of respondents were female respondents (58%). In terms of respondents’ marital status, 43% were single and 55% were married. The majority of the participants (90%) were Muslim. The highest age group distribution of the respondents falls in the 20 to 29 years old age group (46.5 percent), followed by 35 percent in the 30 to 39 years old age group. Regarding education level, 27% of participants possessed a postgraduate degree (Master and Ph.D.), 43% had a bachelor’s, and 16% had a diploma.

CONFIRMATORY FACTOR ANALYSIS AND STRUCTURAL MODEL

A two-step approach was employed to analyze the data; examination of the measurement model was followed by an examination of the structural model used to test the hypothesized relationships (Anderson & Gerbing 1988). The structural equation modelling (SEM) procedure enabled us to evaluate how well a proposed conceptual model that contained observed variables and unobservable constructs fit the collected data (Bollen 1989). A confirmatory factor analysis (CFA) was conducted to test the robustness and reliability of the scales (via AMOS and the maximum likelihood estimation technique), to confirm the factor
loading of the four constructs (i.e., severity of violation, trust recovery, boycott and revenge), and to assess the model fit. Structural equation modelling was conducted to assess the overall fit of the proposed model and test the hypotheses.

The model adequacy was assessed by the fit indices suggested by Hair et al. (2009). The analysis showed an excellent overall fit of the model (CFI = 0.97; NFI = 0.94; RFI = 0.93; AGFI = 0.90; RMSEA = 0.06; Table 2). The chi-square statistic, however, was significant ($\chi^2 = 192.72; df = 99, p = .00$), which is common given the large sample size (Bagozzi & Yi 1988). A better measure of fit is chi-square over degrees of freedom. This ratio for our model is 1.95, which is within the suggested 3:1 bracket (Chin & Todd 1995). Thus, the measurement model fits well enough to suggest adequate validity and to warrant a closer look.

We assessed convergent and discriminant validity with several tests suggested by Anderson and Gerbing (1988). Table 3 lists the Cronbach’s alpha, composite reliabilities, and variance extracted estimates (AVE). Cronbach’s alpha of all dimensions ranged from 0.72 to 0.86; this clearly indicates that the scales used in this study were highly reliable (Nunnally 1978). Moreover, the composite reliability ranged from 0.89 to 0.96, all exceeding the minimum reliability standard of 0.70. Variance-extracted estimates all exceeding the recommended lower standard of 0.50 (Fornell & Larcker 1981). All tests support convergent validity of the scales. We also assessed discriminant validity with tests recommended by Anderson and Gerbing (1988). The correlation index among factors was low and moderate and did not exceed the cut-off point of 0.85 (Kline 2005). To assess multicollinearity as suggested by (Hair et al. 2006), indicated that it is not a significant issue in our data as all variance inflation factors (VIFs) were well below 3 ranging from 1.00 to 1.38. We also assessed common method bias along the lines of Podsakoff et al. (2003). We performed a Harman’s single factor test and ran competing CFA models, the result shown that common method bias was not a serious issue in our study (Podsakoff et al. 2003). Given the satisfactory fit of the model, the estimated structural coefficients were then examined to test the seven hypotheses using AMOS (see Figure 2).

### TABLE 2. Structural model fit indices

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Indicators</th>
</tr>
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<tbody>
<tr>
<td>$X^2$ test</td>
<td>192.72</td>
</tr>
<tr>
<td>$X^2$ P &gt; .05</td>
<td>0.00</td>
</tr>
<tr>
<td>$X^2$ / df</td>
<td>&lt;5</td>
</tr>
<tr>
<td>Fit indices</td>
<td></td>
</tr>
<tr>
<td>GFI &gt; .90</td>
<td>&gt; 90</td>
</tr>
<tr>
<td>AGFI &gt; .90</td>
<td>&gt; 90</td>
</tr>
<tr>
<td>RFI &gt; .90</td>
<td>&gt; 90</td>
</tr>
<tr>
<td>NFI &gt; .90</td>
<td>&gt; 90</td>
</tr>
<tr>
<td>Alternative indices</td>
<td></td>
</tr>
<tr>
<td>CFI &gt; .95</td>
<td>&gt; 95</td>
</tr>
<tr>
<td>RMSEA &lt; .08</td>
<td>&lt; 0.08</td>
</tr>
<tr>
<td>RMR &lt; .05</td>
<td>&lt; 0.05</td>
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</tbody>
</table>

Notes: Adapted from Hair et al. (2006); Byrne (2001)

### TABLE 3. Discriminant validity of constructs

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
<th>$\alpha$</th>
<th>CR</th>
<th>Boycott</th>
<th>Revenge</th>
<th>Severity</th>
<th>Trust Recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recovery</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boycott</td>
<td>2.95</td>
<td>1.23</td>
<td>0.86</td>
<td>0.96</td>
<td>0.93</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenge</td>
<td>3.00</td>
<td>0.89</td>
<td>0.72</td>
<td>0.89</td>
<td>0.68</td>
<td>0.85</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Severity</td>
<td>3.26</td>
<td>1.30</td>
<td>0.84</td>
<td>0.95</td>
<td>0.71</td>
<td>0.71</td>
<td>0.91</td>
<td></td>
</tr>
<tr>
<td>Trust Recovery</td>
<td>3.30</td>
<td>1.09</td>
<td>0.78</td>
<td>0.95</td>
<td>-0.59</td>
<td>0.58</td>
<td>-0.53</td>
<td>0.88</td>
</tr>
</tbody>
</table>

Notes: Diagonals represent the average variance extracted (AVE). While the other entries represent the squared correlations.

* These mean figures are based on each summated scale score divided by the number of items in each scale, for ease of interpretation; ($\alpha$ = Cronbach’s alpha; SD = Standard deviation.

![FIGURE 2. Results of the structural model](res.png)
HYPOTHESES TESTING

EFFECT OF SEVERITY, TRUST RECOVERY, BOYCOTT AND REVENGE

Hypotheses 1a, 1b, and 1c address the influence of severity of violation on trust recovery, boycott and revenge. In testing these first three hypotheses, SEM was performed via AMOS 20. Two-step approaches were adapted to check the internal reliability and convergent validity of each multi-item scale by the measurement model and to test the hypotheses via a structural model (Anderson & Gerbing 1988). The composite reliability values for all constructs were above the suggested threshold of 0.70 (Fornell & Larcker 1981). The r values for all standardize factor loadings were significant (p < 0.05) and indicate that the measures satisfy convergent validity (Gefen et al. 2000).

Hypotheses 1a, 1b and 1c predict that severity of violation effect trust recovery, boycott and revenge respectively. The results demonstrate that severity of violation had a significant effect on trust recovery (β = -0.567, p < 0.01), boycott (β = 0.582, p < 0.01), and revenge (β = 0.628, p < 0.01). However, severity is negatively associated to trust recovery. Therefore, H1a, H1b and H1c were accepted. The findings also support H1a and H1c. As we expected, the path from trust recovery to boycott was negatively related (β = -0.311, p < 0.01) and the path from trust recovery to revenge was also negatively related (β = -0.320, p < 0.01). The findings show that customer who experienced trust recovery had a lower anti-consumption behavior (boycott and revenge) to company.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Standardized Coefficient</th>
<th>Critical Ratio (t-value)</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a</td>
<td>Severity → Trust Recovery</td>
<td>-0.565</td>
<td>-7.851***</td>
<td>Supported</td>
</tr>
<tr>
<td>H1b</td>
<td>Severity → Boycott</td>
<td>0.582</td>
<td>8.867***</td>
<td>Supported</td>
</tr>
<tr>
<td>H1c</td>
<td>Severity → Revenge</td>
<td>0.628</td>
<td>8.221***</td>
<td>Supported</td>
</tr>
<tr>
<td>H2a</td>
<td>Trust Recovery → Boycott</td>
<td>-0.311</td>
<td>-5.057***</td>
<td>Supported</td>
</tr>
<tr>
<td>H2b</td>
<td>Trust Recovery → Revenge</td>
<td>-0.320</td>
<td>-4.619***</td>
<td>Supported</td>
</tr>
<tr>
<td>H3a</td>
<td>Severity → Boycott Via Trust Recovery</td>
<td>Partial Mediation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H3b</td>
<td>Severity → Revenge Via Trust Recovery</td>
<td>Partial Mediation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: *** Significant at p < 0.01 * Significant at p < 0.10
** Significant at p < 0.05 n.s Non-significant

In relation to H3b, the relationship between severity of violation and revenge was mediated by trust recovery. The effects of severity of violation towards trust recovery was statistically significant (β = -0.565, p < 0.01), as so was the effects of trust recovery toward revenge (β = -0.320, p < 0.01). Both effects were in negative value indicating that an increase in the violation would decrease customer trust recovery and a decreased in customer trust recovery would increase the act of revenge from customer. The standardized indirect effect, or mediation size was (-0.565)(-0.320) = 0.181. The size of the effect is categorized as medium (Cohen 1992). We tested the significance of this indirect effect using bias-corrected bootstrapping procedures, compute for 2000 bootstrapped samples. The 95% confidence interval ranged from 0.088 to 0.287 and p-value = 0.01. Thus, the indirect effect was statistically significant. Since the Variance Accounted For (VAF) is larger than 20% and less than 80% can be characterized as partial mediation (Hair et al. 2013). Since the VAR value was 23.2%, the mediation was considered as partial mediation. Trust recovery partially mediated the influence of severity of violation on boycott.

Tests on the mediation hypotheses (H3a and H3b) use an application of the analytical approach that Preacher and Hayes (2008) and Zhao et al. (2010) describe. This study hypothesized that trust recovery mediates the relationship of severity of Halal violation and boycott, and severity of Halal violation and revenge respectively.

The relationship between severity of violation and boycott was mediated by trust recovery. The effects of severity of violation towards trust recovery was statistically significant (β = -0.565, p < 0.01), as so was the effects of trust recovery toward boycott (β = -0.311, p < 0.01). Both effects were in negative value indicating that an increase in the violation would decrease customer trust recovery and a decreased in customer trust recovery would increase boycott from customer. The standardized indirect effect, or mediation size was (-0.565)(-0.311) = 0.176. We tested the significance of this indirect effect using bootstrapping procedures. Unstandardized indirect effects were computed for each of 2000 bootstrapped samples, and the 95% confidence interval was computed by determining the indirect effects at the 2.5th and 97.5th percentiles. The 95% confidence interval ranged from 0.103 to 0.267 and p-value = 0.01. If the bootstrapped confidence interval does not include 0, the indirect effect is significant. Thus, the indirect effect was statistically significant. In case of the VAF (Variance Accounted For) it can have value less than 20% (no mediation) and very large outcomes of above 80% (full mediation). A situation in which the VAF is larger than 20% and less than 80% can be characterized as partial mediation (Hair et al. 2013). Since the VAR value was 23.2%, the mediation was considered as partial mediation. Trust recovery partially mediated the influence of severity of violation on revenge.
trust recovery as a mediator has a partial mediation effect between severity of Halal violation and boycott, and severity of Halal violation and revenge, accounting for 23%, and 22% of the variance respectively.

**DISCUSSIONS**

This study has extended existing cognitive appraisal theory, prospect theory, and trust theory in the context of service recovery related to Halal by capturing consumers’ perception regarding severity of Halal violation, trust recovery and anti-consumption behavior. We argued that higher loss is incurred from a severe violation compared to a minor violation, hence the higher the severity of the violation on Halal, the more trust is eroded. Our findings also confirm this and the strong negative relationship between severity of violation on Halal and trust recovery is in line with previous studies (Weun et al. 2004; McQuilken 2010; Bansal & Zahedi 2015). Trust recovery is inversely related to the perceived severity of violation on Halal, suggesting that trust recovery counterbalances the impact of the severity of the violation. Additionally, the results showed that severity is associated positively with boycott and revenge. That means high severity of violation can cause high anti-consumption behaviors (boycott and revenge). The results are consistent with the recent study, showing the negative influence of violation on satisfaction commitment and turnover intention (Kernan et al. 2016). Our results extend prior research by demonstrating that severity of violation on Halal, affects customer behavior to boycott and revenge.

There were also negative relationship between trust recovery and boycott, and trust recovery and revenge. Customers experiencing trust recovery are less likely to involve in anti-consumption behavior than those who are not receiving trust recovery in the Halal violation incident. Findings of this study were consistent with Gregory et al. (2008) that found students’ perceptions of trust are less likely to involve in defiant and more cooperative with teacher. Furthermore, the study has also investigated the role of trust recovery as mediating factors in the service failure and Halal recovery context, which have not been distinguished adequately in the extent literature. Standardized path coefficient of direct and indirect relationships among severity, trust recovery and consumer anti-consumption behavior were analyzed. Results indicated that direct effect of severity and trust recovery on anti-consumption behavior was significant, as well as indirect effects of severity on anti-consumption behavior through trust recovery. Having trust in the recovery program is vital especially in a severe violation case.

**IMPLICATION AND CONCLUSION**

Findings of this study may raise some alarm for the Halal industry. The Halal certification acts as a symbol of confidence, quality, and trust for product consumption and should not be treated as an isolated issue. With the growth demand for Halal food among Muslim and non-Muslims market due to its purity and quality standards, the significance of this empirical research to the Halal industry is undeniably important.

The uniqueness of this study exists in the fact that it is the first known to concentrate on Halal violation, examine the mediating effect of trust recovery on the relationship between severity of Halal violation and consumer anti-consumption behaviors. The results of this investigation showed that severity and trust recovery are negatively related; severity is positively related to boycott, and revenge; and trust recovery partially mediate the relationship between severity and boycott, and revenge. This finding proved that severity of Halal violation has a significant positive impact on consumer boycott, and revenge.

The fact that the main effects of severity of violation remained significant for all the two outcomes indicated the potential dangers of turning blind eye to Halal violation incidents. However, companies that provide great and trustworthy Halal recovery efforts are able to reduce the anti-consumption behavior. Our results contribute to this work by suggesting that the effort and trustworthiness of the recovery are able to reduce the anti-consumption behavior (boycott and revenge). Overall, the findings suggest that trust has reparative effects on the anti-consumption behaviors such as boycott, and revenge motives when the violation of Halal happens. The results of the study also indicated that there is a partial mediation of trust recovery between the severity of violation on Halal and consumer anti-consumption behavior (boycott and revenge). The results make contribution to the trust literature by indicating that severity of violation in Halal can reduce anti-consumption behavior through the role of trust recovery in the context of service failure.

From the managerial perspectives, this finding indicates that service recovery, which is affected by the severity of Halal violation, is critical in relationship repair after a service failure and recovery. Thus, it can be capitalized as a guideline for managers to manage and design recovery strategy related to halal violation episodes. It is essential to have an effective service recovery approach where immediate actions can be made by customer service employees to customers who feel “victimized” from the service failure incidents. Firms that are given the certification by the authorized certification bodies to produce Halal product needs to endeavor for excellent and conscious desire to do their job right the first time as consumption of Halal foods and goods are compulsory to all Muslims.

**LIMITATION AND RECOMMENDATION**

There are some limitations that suggest caution in assessing the findings. First, limitations relate to the sample drawn
from a limited geographical area in Malaysia that consists of multi-cultural and various ethnic groups with the majority of the population consists of Malays who are Muslim (62%), followed by Chinese who are mainly Buddhist (24%), Indian who are mainly Hindu (8%) and other minorities and indigenous group (Department of Statistic Malaysia 2007). Hence, in this study around 20% of the respondents are non-Muslim which is in line with the country whose majority professed Islam as their religion.

Additionally, the non-probability sampling method used convenience sampling technique may not represent the entire population and, therefore, requires replication. Secondly, this study relies on survey-based and cross-sectional data thus causality of the relationships between predictor and criterion variable cannot be claimed. However, our interpretation of the findings is based on theory and prior research. Based on the limitations of this study, it will be interesting for the future research to extend this study to other Muslim consumers from other countries such as Japan, Germany, Turkey and U.K with the same faith but different identities and dynamics (Sandikci 2011). It is also important to test the model from the non-Muslim perspective as the Halal principle is no longer confined to Muslim consumer (Rezaei et al. 2012; Ahasanal Haque et al. 2015). With the increase of awareness of Halal among non-Muslim consumer (Rezaei et al. 2010), Halal is often association with the country whose majority professed Islam as their religion.

It is also important to test the model from the non-Muslim perspective as the Halal principle is no longer confined to Muslim consumer (Rezaei et al. 2012; Ahasanal Haque et al. 2015). With the increase of awareness of Halal among non-Muslim (Abdul Aziz & Chok 2012) thus, it is suggested for future study to test the model from the non-Muslim perspective. This will allow the model to be useful to the academic research, Halal manufacturers as well as marketing practitioners.

ACKNOWLEDGEMENT

This research was supported by the FEP Research Initiative Grant [Grand Number EP-2017-037].

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