Halal Information in Customer Value Disclosure

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\textbf{ABSTRACT}

Indonesia has a majority Muslim population, so consumers have the right to know the halalness of the products/services they consume. In addition, halal information can be of value to customers because it is a differentiator from similar products/services offered by other producers. This study aims to propose halal information as a novelty in Customer Value Disclosure (CVD). This novelty is important to reduce information asymmetry, provide value added and competitive advantage for companies, especially when operating in areas with a majority Muslim population. In addition, this novelty can be studied in further studies associated with other variables such as stock price, firm value, future profitability, cost of equity, personnel readiness and others. Through a literature review with reference to two studies that specifically discuss Customer Value Disclosure (CVD) and the annual reports of several companies, it is concluded that halal information can be added to the disclosure because the company has provided this information in the annual report. The information is in the form of the company's commitment and achievements towards halal products/services and halal certification obtained.

\textbf{Keywords:} Accounting, Customer Value Disclosure, Disclosure, Halal, Value Added.

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1 \hspace{1em} \textbf{Introduction}

Indonesia is a country with the largest Muslim center in the world where 87.18\% of the 237,641,326 population is Muslim \cite{1} and is a potential market for the growth and development of the Islamic economy because its Muslim population is at the middle-class level and will experience an increase \cite{2} so that future government policies are to encourage the halal product industry to become a domestic market producer as well as an exporter of halal products for the world market \cite{3}.

The development of the halal industry does not only focus on food needs but is increasingly expanding, for example, logistics systems to prevent contamination from non-halal products \cite{4} especially in the field of air cargo warehouse \cite{5} the spa business in Thailand so that its services and promotions are in accordance with sharia law \cite{6}, hospitality although halal certification is not a priority because with minimal effort it is enough to attract Muslim consumers in Muslim-majority areas \cite{7}, consumer goods such as packaging, accessories,
medical devices [8] and e-commerce business so that the Shopee application launched the Shopee Barokah feature to reach the market in Indonesia with sharia services ranging from Muslim fashion, beauty, zakat, and donations [9].

The purchase of halal products is influenced by many factors, including health reasons because they believe that consuming halal products can prevent disease [10], reasons of religiosity because the religious values he adheres to will influence the food and drinks he consumes [11]. This reason is a person's right, especially protection to consumers so that they do not doubt and worry about the composition contained in it [12].

Halal labels can provide satisfaction for consumers [13,14] and become the company's target achievement to gain customer loyalty. Customer loyalty is one of the disclosed in the company's annual report [15,16]. This disclosure provides many benefits for the company, for example, accommodating pressure from the public [17], being a competitive advantage for investors [18], reducing information asymmetry and conflict between internal and external parties [19].

For this reason, this study tries to include the halal label as part of what is disclosed in the annual report along with other halal information, for example, the company's commitment and achievements to maintain the halalness of its products/services and operations. This halal information disclosure is included in the Customer Value Disclosure (CVD) for three reasons. Halal information can be part of customer value because it is attached to products/services and aimed at consumers. Second, this information has the potential to influence external parties, for example investors and other parties. Third, it adds novelty to the research elements of Customer Value Disclosure (CVD).

2 Materials and methods

2.1 Materials

This research relies on several literature related to Customer Value Disclosure (CVD). The literature is in the form of journals related to the research theme as well as the company's annual report to see disclosures that match the items in the Customer Value Disclosure (CVD).

2.1.1 Customer Value

Customer value has various definitions but can be categorized into three. First, the value component model, which means that the value must be present, potentially present (expected to be present) and liked when the value is presented (delight to the customer). Second, the benefit-cost ratio model, meaning that the difference can be felt through the exchange between the benefits obtained and the sacrifice given. Third, the means-end model, meaning the ultimate achievement of the product/service when it is acquired or acquired [20].

In detail, customer value can be divided into three elements. First, service process related, meaning it is related to the service process, for example, delivery time, technical support, support services, flexibility, availability, and others. Second, product related, meaning it is related to the product, for example the product process, quality, and technology. Third, cost related, meaning that costs are related, for example, product / service prices, efficiency and
effectiveness, cost reductions due to certain updates and others [21].

2.1.2 Customer Value Disclosure (CVD).

Customer Value Disclosure (CVD) is the disclosure of all customer value prepositions. There are two studies that specifically explain it [15,16]. Table 1 shows the explanation research [16].

Table 1. The explanation research [16]

<table>
<thead>
<tr>
<th>No.</th>
<th>Customer Value Disclosure</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Reliability: errors/returns</td>
<td>product/service reliability; presence/absence of faults; product returns</td>
</tr>
<tr>
<td>2</td>
<td>Delivery Time</td>
<td>ability to deliver products/services to consumers</td>
</tr>
<tr>
<td>3</td>
<td>Price</td>
<td>ability to provide the best price; explanation of price</td>
</tr>
<tr>
<td>4</td>
<td>Awards</td>
<td>awards received</td>
</tr>
<tr>
<td>5</td>
<td>Customer profile/market segment/market share/number of customers</td>
<td>product/service market profile or segmentation</td>
</tr>
<tr>
<td>6</td>
<td>Customer satisfaction/complaints management</td>
<td>Customer satisfaction level</td>
</tr>
<tr>
<td>7</td>
<td>Pre-sales support: information/counselling/order tracking</td>
<td>readiness to provide information</td>
</tr>
<tr>
<td>8</td>
<td>After-sales service/insurance/repair</td>
<td>After-sales service</td>
</tr>
<tr>
<td>9</td>
<td>Customer loyalty</td>
<td>Customer loyalty</td>
</tr>
<tr>
<td>10</td>
<td>Product security</td>
<td>Product/service safety</td>
</tr>
<tr>
<td>11</td>
<td>Product life cycle (launch, growth, maturity, decline)</td>
<td>Product life cycle</td>
</tr>
<tr>
<td>12</td>
<td>Advertising and product promotion (launching, marketing)</td>
<td>Promotion and advertising activities</td>
</tr>
<tr>
<td>13</td>
<td>Loyalty programme</td>
<td>Forms of customer loyalty programmes</td>
</tr>
<tr>
<td>14</td>
<td>Order backlog</td>
<td>Pre-shipment order</td>
</tr>
<tr>
<td>15</td>
<td>Distinct attributes of products/brands/range of products/competitive advantage</td>
<td>Product/service competitive advantage</td>
</tr>
</tbody>
</table>

Research by [16], proposes a measurement with the following score:

a. Score 3, if the explanation of the above items is in quantitative form or monetary units.

b. Score 2, if the explanation of the item above is in the form of a description.

c. Score 1, if the item explanation is general only.

Meanwhile, the explanation of Customer Value Disclosure (CVD) according to [15] can be seen in Table 2.

Table 2. The explanation of Customer Value Disclosure (CVD)

<table>
<thead>
<tr>
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<th>Customer Value Disclosure</th>
<th>Explanation</th>
</tr>
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<td>product/service reliability; presence/absence of faults; product returns</td>
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<td>2</td>
<td>Delivery Time</td>
<td>ability to deliver products/services to consumers</td>
</tr>
<tr>
<td>3</td>
<td>Price</td>
<td>ability to provide the best price; explanation of price</td>
</tr>
<tr>
<td>4</td>
<td>Awards related product</td>
<td>awards received for products</td>
</tr>
<tr>
<td>5</td>
<td>Customer profile/market share/number of customers</td>
<td>product/service market profile or segmentation</td>
</tr>
<tr>
<td>---</td>
<td>-------------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>6</td>
<td>Customer satisfaction/complaints management</td>
<td>Customer satisfaction level</td>
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<td>7</td>
<td>Pre-sales support: information/counselling/order tracking</td>
<td>readiness to provide information</td>
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<td>After-sales service/insurance/repair</td>
<td>After-sales service</td>
</tr>
<tr>
<td>9</td>
<td>Customer loyalty</td>
<td>Customer loyalty</td>
</tr>
<tr>
<td>10</td>
<td>Awards related to customers</td>
<td>Awards received for customers</td>
</tr>
<tr>
<td>11</td>
<td>Internet service</td>
<td>Internet services used</td>
</tr>
<tr>
<td>12</td>
<td>E-business sales</td>
<td>Sales via website/app</td>
</tr>
<tr>
<td>13</td>
<td>E-business productivity (cost efficiency/speed)</td>
<td>Productivity through the website</td>
</tr>
<tr>
<td>14</td>
<td>Impact (award/number of users or visitors)</td>
<td>Number of website visitors</td>
</tr>
<tr>
<td>15</td>
<td>Quality/up-to-date technology</td>
<td>The novelty of the technology used</td>
</tr>
<tr>
<td>16</td>
<td>Product description</td>
<td>Product description</td>
</tr>
</tbody>
</table>

Research by [15], proposes a measurement with the following score:

a. Score 2, if the explanation of the above items is in quantitative form or monetary units.
b. Score 1, if the explanation of the item above is in the form of a description.

Explicitly, this disclosure has a significant positive impact. First, Customer Value Disclosure (CVD) has a significant positive effect on the number of analysts following, meaning that the more items disclosed, the more interested securities analysts are in analyzing the company. Second, Customer Value Disclosure (CVD) has a significant positive effect on analyst consensus earnings, meaning that the more items disclosed, the better the analyst's earnings prediction ability [16]. Third, Customer Value Disclosure (CVD) has a significant negative effect on the cost of capital, meaning that the more items disclosed, the lower the cost of capital charged to the company and signals the higher transparency provided by the company [15]. Customer Value Disclosure (CVD) also has a significant positive effect on firm value, this shows that investors will look for and give more appreciation to companies that are able to meet customer and consumer expectations [22].

2.1.3 Halal information

For a Muslim, the provision of information on whether a product is halal or not is very important because it involves the implementation of sharia so that it is a good thing if in Indonesia with a Muslim majority community, the right to know whether a product is halal or not can be guaranteed [12]. The absence of halal information on a product can violate the rights of Muslim consumers to obtain this information so that there is no information asymmetry [23]. Halal information obtained is very diverse, for example halal certification, supporting infrastructure, for example halal center institutions, halal guarantee institutions, BPJPH representatives at the regional level, an integrated halal information system [24] and access to information [25].

Explicitly, halal information through halal labelling can increase purchase intention [26,27] as well as increased sales [28]. Halal labelling also underlies investors' interest in investing in Sharia stocks [29].
2.2 Methods

This research is a literature review that uses narrative description. With this method, usually grouping research objects based on research methods, themes, or research results to then be described in narrative form. This research uses systematic stages that have been applied in previous studies [30].

First, the author determines the keywords to be used, namely customer value, customer value disclosure, halal, halal information. The search is carried out accordingly using Google Scholar and the ProQuest portal (www.proquest.com).

Secondly, the author determined additional criteria so that the research obtained was as specified with the addition of the following five criteria. Firstly, the keywords used were the main discussion in the article. Second, the discussion in the article is related to the impact of keywords on other variables. Third, the articles selected were only in the form of indexed journals, so they did not include theses, thesis, dissertations, books or opinions in online media.

Third, the author looks for keyword links with company annual reports from the Indonesia Stock Exchange website (www.idx.co.id) randomly without industry classification from 2015-2020. The goal is that the explanation in this study can be broader.

3 Results and discussion

3.1 Results

Customer Value Disclosure (CVD) is specifically studied based on the following two journals as shown in table 3.

Table 3. Items in Customer Value Disclosure (CVD)

<table>
<thead>
<tr>
<th>NO</th>
<th>JOURNAL SOURCE</th>
<th>SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. The similarity of the two research items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Reliability: errors/returns</td>
<td>Reliability: errors/returns</td>
</tr>
<tr>
<td>2</td>
<td>Delivery Time</td>
<td>Delivery time</td>
</tr>
<tr>
<td>3</td>
<td>Price</td>
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<td>4</td>
<td>Awards</td>
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<td>Customer profile/market segment/market share/number of customers</td>
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<td>6</td>
<td>Customer satisfaction/complaints management</td>
<td>Customer satisfaction/complaints management</td>
</tr>
<tr>
<td>7</td>
<td>Pre-sales support: information/counseling/order tracking</td>
<td>Presales support: information/counsel/follow up</td>
</tr>
<tr>
<td>8</td>
<td>After-sales service/insurance/repair</td>
<td>After sales service/insurance</td>
</tr>
<tr>
<td>9</td>
<td>Customer loyalty</td>
<td>Customer loyalty</td>
</tr>
<tr>
<td>B. Differences in the items of the two studies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Product security</td>
<td>Awards related to customers</td>
</tr>
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<td>11</td>
<td>Product life cycle (launch, growth, maturity, decline)</td>
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<tr>
<td>12</td>
<td>Advertising and product promotion (launching, marketing)</td>
<td>E-business sales</td>
</tr>
</tbody>
</table>
From Table 3 the explanation is as follows:

a. **Reliability: errors / returns.** This item describes the reliability of the products/services produced by the company through the presence/absence of errors generated or product returns that occur.

b. **Delivery time.** This item describes the company’s ability to deliver products/services to consumers. For example, PT Tempo Scan Pacific, Tbk (TSPC) commitment to achieve > 95% service level in terms of punctuality and integrity of product quantity to customers as disclosed in the 2016 Annual Report [31]. The second example is the commitment of PT Gajah Tunggal Tbk (GJTL) in the accuracy of tyre delivery so as not to cause production constraints and obtain the Best Quality and Delivery Award in 2018 [32].

c. **Price.** This item explains the company’s ability to provide the best price with all its obstacles and constraints. For example, the explanation of BMW Sales Operation (BSO) revealed by PT Astra International, Tbk (ASII) in 2015 that they as dealers have limited room for manoeuvre in determining prices [33]. The second example is the increase in aluminium prices in several world suppliers and the impact on the company as revealed by PT Indal Aluminium Industry, Tbk (INAI) in 2017 [34].

d. **Awards.** This item describes the company’s achievements in the form of awards for the products/services produced. For example, Indomie in the category of Indonesian Original Brand revealed by PT Indofood CBP Sukes Makmur, Tbk (ICBP) in 2016 [35]. The second example is Enervon C in the Indonesia WOW Brand category revealed by PT Darya-Varia Laboratories (DVLA) in 2015 [36].

e. **Customer profile/market segment/market share/number of customers.** This item explains the profile or market segmentation that the company is targeting. For example, the explanation of Honda’s market share from 64% in 2014 to 69% in 2015 as disclosed by PT Astra International, Tbk (ASII) in 2015 [33]. The second example is the Hot Rolled Steel Plate product produced for only one segment as disclosed by PT Gunawan Dianjaya Steel, Tbk (GDST) in 2015 [37].

f. **Customer satisfaction/complaints management.** This item explains the company's efforts and achievements to gain customer satisfaction. For example, Bodrex won the Indonesia Customer Satisfaction Award (ICSA) as stated by PT Tempo Scan Pacific, Tbk (TSPC) in 2015 [38]. The second example is the statement that there is no record of incidents or sanctions due to the company's non-compliance with regulations and voluntary codes related to product use by customers as disclosed by PT Indocement Tunggal Prakarsa, Tbk (INTP) in 2015 [39].
g. **Pre-sales support: information/counselling/order tracking.** This item explains the company's readiness to provide information to consumers and customers. For example, the readiness to manage customers through Honda Customer Care as stated by PT AstralInternational, Tbk (ASII) in 2016 [40]. The second example is the addition of retail outlets to get closer to customers while interacting directly as expressed by PT Gajah Tunggal, Tbk (GJTL) in 2015 [41].

h. **After-sales service/insurance/repair.** This item explains the company's ability to accommodate all customer complaints after the purchase transaction. For example, the inauguration of the 50,000m Spare part Centre² inaugurated by Nissan Motor Indonesia as a commitment to strengthen after-sales service as stated by PT Indomobil Sukses International, Tbk (IMAS) in 2016 [42]. The second example is the inauguration of DensoService Centre to strengthen after sales service as disclosed by PT Astra Otoparts, Tbk (AUTO) in 2015 [43].

i. **Customer loyalty.** This item explains the company's ability to measure and maintain customer loyalty. For example, applying a customer loyalty programme through the PONTA (Point Terminal) card in collaboration with PT Global Loyalty Indonesia as revealed by PT Midi Utama Indonesia, Tbk (MIDI) in 2015 [44]. Another example is giving ACE Rewards as a form of appreciation to loyal customers who have reached 1.5 million members as revealed by PT Ace Hardware Indonesia, Tbk (ACES) in 2016 [45].

From Table 3, the novelty of this research is halal information that contains:

a. the company's commitment and achievements towards halal products / services provided, for example the addition of various halal-certified local beauty products by Guardian as revealed by PT Hero Supermarket, Tbk (HERO) in 2019 [46]. The second example is the Top Brand Halal Award for Milna baby food products as revealed by PT Kalbe Farma, Tbk (KLBF) in 2019 [47]. The third example is the commitment of service to customers with the fulfilment of halal certificates with the highest grade as expressed by PT Martina Berto, Tbk (MBTO) in 2020 [48].

b. Halal certification that was successfully obtained, for example, the Halal Assurance System issued by LPPOM MUI as disclosed by PT Indofood CBP Sukses Makmur (ICBP) in 2017 [49].

The measurement of the above items is carried out as follows:

a. **Score per item.** The two studies have different scoring methods. [16] give a score of 1 - 3, where 3 if the element / item is explained quantitatively or with monetary units, 2 if the item is explained descriptively or with monetary units and 1 if it is described qualitatively or without monetary units. This study combines the two studies, namely 3 if the element / item is explained quantitatively or with monetary units, 2 if the item is explained descriptively, 1 if the item is only explained in general and 0 if there is no explanation in the annual report.

b. **Determination of total score.** This study combines the two studies, namely summing up all scores per item divided by the total score collected.
3.2 Discussion

The above discussion results in the following four descriptions:

a. Customer value is an important element and must be disclosed including halal information because it can reduce information asymmetry, become a competitive advantage and become a value-added company. Halal information will reduce consumers' negative perceptions of the products/services produced so that buying interest will increase. Halal information can also be a product advantage when similar products are sold without halal labels or information. In addition, halal information is a differentiator for investors compared to similar companies that do not disclose halal information so that investors will give higher appreciation by buying shares above the market price. As a result, the company value will increase.

b. For companies, customer value is an element that must be maintained and disclosed in the annual report. This requires commitment and seriousness in its implementation in three ways. First, do not hesitate to disclose if the product has weaknesses and immediately fix them so that consumers are more confident in the company's commitment. Second, expand customer value through intensive approaches to customers, for example through customer surveys on Twitter or similar social media, direct observation when the company participates in product exhibitions or intensive interviews for Priority customers of Islamic banks when the company holds Gatherings. Third, prepare a special chapter in the annual report to explain how the company manages customer value including strategies and future steps.

c. For investors, customer value is a differentiating element in decision making. Halal information is one of the considerations when investing in companies, especially in Muslim-majority areas, because this element legitimizes the sustainability of the company in the future.

d. For the government, customer value is a measure of the success of the state apparatus in enforcing its regulations. The company's compliance to undergo the certification process from document submission, payment of contract fees, examination to the issuance of certificates is one measure of compliance with regulations. In addition, this compliance provides security for the community so that social conflicts within the country do not occur.

e. For academics and researchers, customer value is a novelty in scientific studies, especially in the fields of accounting and management. The relationship between halal information disclosure and profitability, future profits, and stock price increases is a new topic in the field of accounting. The relationship between disclosure of halal information and the valuation of securities analysts or with the cost of equity can be a new topic in the field of financial management. Analysis of personnel readiness and workload on halal information can be a new topic in the field of human resource management.

4 Conclusion

Customer value is an important element for companies that must be disclosed including halal information in it. The measurement can be done through scoring so that the results are more accountable and provide benefits including providing value added for the company,
reducing information asymmetry between producers and consumers, becoming the company’s competitive advantage. The impact is that the company will be more attractive to investors and low occurrence of social problems, especially in areas with a majority Muslim population. In the academic field, halal information disclosure adds to research topics, especially in the fields of accounting and management.

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[38] “Annual Report PT Tempo Scan Pacific, Tbk tahun 2015.”