

## BRIDGING THE COMPLIANCE GAP: ISLAMIC MARKETING COMPLIANCE IN MINDANAO'S HALAL FOOD SECTOR

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Submitted: 11-10-2025, Revised: 06-11-2025, Accepted: 25-11-2025

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### ABSTRACT

As Halal food gains global popularity, there is a growing need to understand how businesses put Islamic marketing principles into practice, especially in areas with smaller Muslim populations. This study explores the extent to which Halal restaurants in selected areas of Mindanao, Philippines, practice Islamic Marketing (IM) based on the 4Ps framework: Product, Price, Place, and Promotion. Using a descriptive survey design, data were gathered from 68 owners, managers, and supervisors of Halal-certified restaurants. Results show that the overall implementation of Islamic Marketing practices was at a "Moderate Extent" (Weighted Mean = 3.1). Among the four dimensions, Product received the highest rating, highlighting strong attention to Halal authenticity and quality, while Promotion and Place ranked lowest, pointing to challenges in visibility and distribution. The study also found a significant relationship between respondents' profiles—such as age, educational attainment, years in service, and position—and their assessment of IM practices, suggesting that management awareness and experience influence the level of compliance. These findings reveal a gap between policy and practical implementation and align with other studies reporting similar issues in pricing and promotion strategies. To strengthen Halal marketing compliance, the study recommends capacity-building programs, such as seminars and awareness campaigns, aimed at improving understanding of Islamic business principles and building stronger consumer trust within Mindanao's Halal food sector.

**Keywords:** Halal marketing, responsible management, customer satisfaction, small and medium enterprises (SMEs), ASEAN

### 1. INTRODUCTION

Marketing serves as the lifeblood of business operations, linking organizational processes to customer needs. In competitive sectors like the food industry, effective marketing ensures visibility, customer retention, and financial growth. The global Halal food market has become one of the fastest-growing consumer segments due to an increasing Muslim population and broader acceptance of Halal as a symbol of quality and ethical production.

In the Philippines, Mindanao is home to the majority of the country's Muslim population, making it a critical center for Halal food development (Philippine Statistics Authority, 2016; Utomo, Azam & Abdullah, 2020). Marawi City, in particular, is widely recognized as a cultural and Islamic center, while Iligan City hosts a growing Halal consumer base within a mixed-religious population (Marawi City Government, n.d.; Iligan City Government, 2012). The presence of Halal-certified restaurants in these areas reflects both cultural identity and market demand. However, despite certification efforts, ensuring that marketing practices remain aligned with Islamic ethical principles remains an ongoing challenge.

Although emerging research in the Philippines has examined Halal consumer behavior, Halal literacy, and supply chain issues (Utomo et al., 2020), there is limited empirical work examining how Halal restaurants implement Islamic marketing practices in their daily operations, particularly through the marketing mix (4Ps).

This study addresses this research gap by evaluating how Islamic Marketing (IM) principles—rooted in Shariah concepts of fairness (*adl*), welfare (*maslahah*), and honesty (*sidq*)—are reflected in product, pricing, distribution, and promotional strategies among Halal restaurants in Mindanao.

## 2. RESEARCH METHOD

This study used a descriptive survey design to assess the extent of Islamic Marketing (IM) practices among Halal restaurants in selected areas of Mindanao, particularly in Iligan City and Marawi City. This design was chosen because it allowed the author to describe current marketing practices, determine their level of implementation, and examine how these practices relate to the respondents' demographic and business profiles. A researcher-made questionnaire served as the main data-gathering tool, while Focus Group Discussions (FGDs) echoing the same questions were conducted to complement and validate the quantitative results.

The questionnaire was constructed from Islamic marketing literature (e.g., Abdullah & Ahmad, 2010; Alom & Haque, 2011; Arham, 2010; Robin, 2004; Zakaria & Talib, 2010). Before its use, the questionnaire was reviewed by a Certified International Halal Lead Auditor from the Malaysian Halal Consultation and Training Agency to ensure that it aligned with Islamic business principles. A pilot test was also conducted among non-participant restaurants to assess the clarity, reliability, and cultural appropriateness of the items.

The research was carried out in Iligan City and Marawi City, two urban centers in Northern Mindanao known for their active Halal food industries (Marawi City Government, n.d.; Iligan City Government, 2012). Iligan City represents a mixed urban community where the Halal market continues to grow alongside mainstream businesses, while Marawi City, being predominantly Muslim, reflects a more established Halal culture and consumer base. Studying both cities provided meaningful contrast and a broader view of how Islamic Marketing principles are practiced in different market settings.

A total of sixty-eight (68) respondents participated in the study, consisting of owners, managers, and supervisors representing all Maranao-owned Halal restaurants with valid business permits in 2019. The respondents were selected through purposive sampling to ensure that all participants had relevant experience in Halal operations and marketing. Table 1 shows the distribution of respondents, with managers representing the largest group (45.5%), followed by owners (29.5%) and supervisors (25%). This mix provided balanced perspectives from individuals directly involved in both business operations and strategic marketing decisions.

Table 1. Distribution of Respondents

| Position          | Marawi            | Iligan            | Total     | Percentage  |
|-------------------|-------------------|-------------------|-----------|-------------|
| <b>Owner</b>      | 18 (26.5%)        | 2 (3%)            | 20        | 29.5%       |
| <b>Manager</b>    | 11 (16%)          | 20 (29.5%)        | 31        | 45.5%       |
| <b>Supervisor</b> | 3 (4%)            | 14 (21%)          | 17        | 25%         |
| <b>Total</b>      | <b>32 (46.5%)</b> | <b>36 (53.5%)</b> | <b>68</b> | <b>100%</b> |

The questionnaire consisted of two parts:

The first part gathered information about the respondents' personal and business profiles, such as age, gender, educational attainment, position, and years with the company. The second part measured the extent of Islamic Marketing practices based on the 4Ps framework—Product, Price, Place, and Promotion.

### **Product Dimension (Halal & Tayyib)**

This section assessed whether food products and production processes aligned with *halalan tayyiban* standards. Respondents were asked to evaluate the extent to which their restaurant:

- 1) Ensures that all ingredients used are strictly Shariah-compliant.
- 2) Guarantees that the final prepared food is Halal (lawful and permissible).
- 3) Labels products accurately with appropriate and complete information.
- 4) Avoids using the name of Allah or Quranic references in labels.
- 5) Designs product packaging and presentation in ways that do not offend Islamic values.

These items measure product authenticity, transparency, respect, and religious sensitivity in presentation.

### **Price Dimension (Fairness / Adl)**

This section examined pricing practices in relation to Islamic ethical principles such as fairness (*adl*) and avoidance of exploitation (*zulm*). Respondents evaluated whether the restaurant:

- 1) Practices pricing with awareness of accountability to God as the ultimate regulator.
- 2) Prioritizes value and customer welfare rather than profit maximization.
- 3) Adjusts prices only when justified by changes in product quality or quantity.
- 4) Avoids charging excessively high mark-ups at the expense of customers.
- 5) Does not engage in price manipulation or opportunistic pricing.

These statements reflect Islamic teachings on just exchange and responsible profit-taking.

### **Place (Distribution) Dimension (Ethical Distribution)**

This section assessed how distribution, service, and availability decisions respect Islamic principles and customer welfare. Respondents rated their compliance with practices such as:

- 1) Avoiding artificial shortage or manipulation of product availability.
- 2) Ensuring that haram products are not stored or distributed alongside Halal items.
- 3) Offering services that uplift customer dignity and living standards.
- 4) Avoiding coercion or pressure in sales or distribution decisions.
- 5) Observing closure during Friday midday prayer (*Jumu'ah*).

These items connect service operations to Islamic norms of respect, fairness, and worship.

### **Promotion Dimension (Truthful Communication / Sidq)**

This section evaluated the ethical conduct of advertising and messaging. Respondents were asked whether the business:

- 1) Ensures that all promotional activities are Shariah-compliant.
- 2) Avoids using un-Islamic appeals (e.g., inappropriate imagery, suggestive symbols) in promotions.
- 3) Refrains from swearing in the name of Allah when endorsing products.
- 4) Does not use deception or misleading claims in promotional material.
- 5) Avoids exaggeration when describing product features and benefits.

These items reflect Islamic principles of truthfulness (*sidq*), modesty, and dignity in communication.

Each statement in the second part was rated using a four-point Likert scale, where 4 meant “Great Extent,” 3 meant “Moderate Extent,” 2 meant “Less Extent,” and 1 meant “No Extent.” This format provided a simple but effective way to quantify the frequency and consistency of Islamic Marketing practices among the respondents.

After the final version of the questionnaire was approved, it was personally distributed by the author with the assistance of two Maranao-speaking students to ensure clear communication and cultural sensitivity. The participants were briefed about the purpose of the study, and confidentiality of responses was assured. Data collection took about one month. Once the survey responses were gathered, separate Focus Group Discussions (FGDs) were conducted in Iligan and Marawi to echo the same questions verbally, confirm the survey findings, and explore specific issues in greater depth.

The FGDs provided insights into how Halal restaurant owners and managers interpret Islamic marketing principles in practice and the challenges they face in maintaining compliance.

The data collected were encoded, tallied, and analyzed using both descriptive and inferential statistics. Descriptive statistics such as frequency, percentage, and weighted mean were used to describe respondent characteristics and evaluate the degree of Islamic Marketing practice. The percentage was computed using the formula  $P = f / nx100$ , while the weighted mean was calculated using  $\mu = \sum fx / n$ . The following ranges were used to interpret the weighted means: 3.26–4.00 (Great Extent), 2.51–3.25 (Moderate Extent), 1.76–2.50 (Less Extent), and 1.00–1.75 (No Extent).

To test the hypotheses, the Kruskal–Wallis Test, a nonparametric equivalent of one-way ANOVA, was applied to determine whether there were significant differences among respondent groups. This test was appropriate given the categorical nature of the data. The Chi-Square Test for Independence was used to assess the relationship between the respondents’ profiles and the extent of Islamic Marketing practice. Both tests were performed using R Statistical Software at a 0.05 level of significance.

Ethical standards were observed throughout the research process. Participation was voluntary, and respondents were informed of their right to withdraw from the study at any time. All responses were treated with confidentiality and used solely for academic purposes. The study followed the ethical guidelines set by Mindanao State University for research involving human participants.

### 3. RESULTS AND DISCUSSIONS

This study assessed the extent of Islamic Marketing (IM) practices among Halal restaurants in selected areas of Mindanao, particularly in Iligan City and Marawi City. Data from sixty-eight (68) respondents (composed of owners, managers, and supervisors) were analyzed to describe their demographic and business profiles, determine how Islamic Marketing principles were applied through the 4Ps framework, and identify any significant differences or relationships based on their characteristics.

#### Profile of the Respondents

Understanding the respondents’ profiles provides context for interpreting their marketing practices and decision-making behavior. As shown in **Table 2**, most respondents were between 36 and 45 years old, suggesting that many participants were mid-career professionals with

relevant management experience. The majority were female, reflecting the growing role of women in managing or supervising Halal restaurants. Educational attainment was relatively high, with most respondents holding a college degree. This indicates that the sector benefits from a well-educated workforce capable of understanding and applying business and marketing principles. Many respondents had been with their current establishments for four to six years, showing a degree of job stability and familiarity with the organization's operations.

Table 2. Personal Profile of Respondents

| Variable               | Category                         | Most Common Group | Description                                    |
|------------------------|----------------------------------|-------------------|--|
| Age                    | 26–35 years                      | 36–45 years       | Majority are mid-career professionals          |
| Gender                 | Male / Female                    | Female            | Most respondents are female managers or owners |
| Educational Attainment | High School / College / Graduate | College degree    | Indicates a well-educated workforce            |
| Years with Company     | 1–3 / 4–6 / 7+                   | 4–6 years         | Reflects moderate tenure and experience        |

From a business standpoint, most restaurants employed between six and ten workers, had been in operation for less than five years, and were owned through partnerships. These features are typical of small to medium enterprises (SMEs), which form the backbone of Mindanao's Halal restaurant sector. The predominance of partnership-type ownership also highlights the communal nature of Maranao business culture, where trust and family ties play an important role in entrepreneurship.

Table 3. Business Profile of Respondents

| Variable            | Common Category | Description                                       |
|---------------------|-----------------|---|
| Number of Employees | 6–10            | Typical of small to medium-scale restaurants      |
| Years in Operation  | 1–5 years       | Majority are relatively new businesses            |
| Type of Ownership   | Partnership     | Common among family or community-based businesses |

### Extent of Islamic Marketing Practices

The extent of Islamic Marketing implementation was evaluated based on the 4Ps: Product, Price, Place, and Promotion. As shown in **Table 4**, results revealed that overall, IM practices were implemented to a **moderate extent** (overall weighted mean = 3.1). This indicates that while Halal restaurants are aware of Islamic marketing principles, their application remains partial and often limited to basic compliance rather than comprehensive strategy.

Table 4. Extent of Islamic Marketing Practices

| Marketing Mix Element | Mean Score | Interpretation         |
|-----------------------|------------|------------------------|
| Product               | 3.4        | Moderate Extent        |
| Price                 | 3.2        | Moderate Extent        |
| Place                 | 3.0        | Moderate Extent        |
| Promotion             | 2.9        | Moderate Extent        |
| <b>Overall Mean</b>   | <b>3.1</b> | <b>Moderate Extent</b> |

Among the four components, **Product** received the highest score, showing that respondents prioritize maintaining Halal authenticity and product quality. This includes using certified ingredients, following proper preparation procedures, and ensuring cleanliness. The emphasis on product integrity aligns with the Islamic concept of *halalan tayyiban*, which promotes products that are both permissible and wholesome.

The **Price** component was also rated at a moderate extent. Although many respondents strive to uphold fairness in pricing, challenges such as fluctuating supply costs and competition within the local market may limit full adherence to Islamic pricing principles like justice (*adl*). Meanwhile, the **Place** component, which focuses on accessibility and distribution, reflected moderate performance. Restaurants were generally located in convenient areas, but some still faced operational constraints related to service consistency and logistics.

The lowest score was observed in the **Promotion** component. This suggests that most Halal restaurants rely mainly on word-of-mouth rather than structured marketing efforts. Many lack formal promotional campaigns or consistent use of social media platforms, which limits visibility among potential customers. These findings mirror those of Alserhan (2010) and Wilson (2012), who observed that small Halal businesses often focus on compliance and product quality but underinvest in brand communication and customer outreach.

Overall, these results show that while Halal restaurants in Mindanao are committed to providing authentic and quality products, many have yet to adopt a more strategic, customer-centered, and ethically integrated marketing approach.

### Differences in Respondent Assessments

Further analysis revealed significant differences in how respondents evaluated their Islamic Marketing practices. The variation is likely due to differences in roles and responsibilities within the organization.

Table 4. Summary of Test on Differences in Respondents' Assessments

| Variable         | Statistical Test    | Result     | Interpretation                      |
|------------------|---------------------|------------|-------------------------------------|
| Respondent Group | Kruskal-Wallis Test | $p < 0.05$ | Significant difference among groups |

The group differences tested using the Kruskal-Wallis Test represent whether owners, managers, and supervisors differ in how they rate the extent of Islamic Marketing practices across the 4Ps. Owners and managers, who are directly involved in decision-making and planning, may perceive marketing activities as more developed compared to supervisors, who focus on daily operations.

Each respondent group provided ratings for Product, Price, Place, and Promotion items based on the validated questionnaire. Since these scores are ordinal (Likert-based), the Kruskal-Wallis Test was used to compare their median rankings. A significant result ( $p < 0.05$ ) indicates that at least one group's assessment of Islamic Marketing implementation is statistically different from the others.

In this study, managers generally rated Islamic Marketing practices at a higher extent, followed by owners and then supervisors. This suggests that those with greater administrative responsibility and exposure to Halal compliance guidelines tend to report stronger adherence to Islamic marketing principles, consistent with previous findings linking managerial awareness and training to higher ethical practice compliance (Abdullah & Ahmad, 2010).

This finding suggests the importance of aligning marketing awareness across all levels of staff. Shared understanding and consistent application of Islamic business values can help reduce the gap between management expectations and operational execution.

## Relationship Between Respondent Profile and Islamic Marketing Practices

To better understand the factors influencing Islamic Marketing compliance, the study examined the relationship between respondent profiles and IM practices. The results, presented in **Table 5**, indicate that **age**, **educational attainment**, **years with the company**, and **position** were significantly related to the extent of IM practice. Older, more experienced, and better-educated respondents tended to have a deeper understanding of Halal requirements and were more likely to apply ethical marketing principles in their work.

Table 5. Relationship Between Respondent Profile and Islamic Marketing Practices

| Profile Variable       | Relationship    | Significance |
|------------------------|-----------------|--------------|
| Age                    | Significant     | $p < 0.05$   |
| Gender                 | Not Significant | $p > 0.05$   |
| Educational Attainment | Significant     | $p < 0.05$   |
| Years with Company     | Significant     | $p < 0.05$   |
| Position               | Significant     | $p < 0.05$   |
| Number of Employees    | Not Significant | $p > 0.05$   |
| Years in Operation     | Not Significant | $p > 0.05$   |
| Type of Ownership      | Not Significant | $p > 0.05$   |

On the other hand, gender, business size, years in operation, and ownership type showed no significant relationship with IM compliance. This suggests that internal competencies—such as experience and education—play a greater role in shaping ethical marketing behavior than external organizational factors. These findings align with the conclusions of Ahmad and Owoyemi (2012) and Alserhan (2011), who emphasized that managerial competence and awareness are key drivers of ethical marketing in Islamic enterprises.

The findings of the study show that Islamic Marketing practices are implemented to a moderate extent among the Halal restaurants surveyed. The highest rating for the Product dimension indicates strong adherence to the principles of *halalan tayyiban*, where emphasis is placed on lawful ingredients, cleanliness, and appropriate product presentation. This pattern is consistent with earlier studies noting that Halal food businesses tend to prioritize product authenticity because it directly affects consumer trust and religious compliance (Abdullah & Ahmad, 2010). Meanwhile, the Price dimension also received moderate ratings, suggesting that many respondents aim to apply fairness (*adl*) and avoid exploitative pricing, although the operationalization of these principles may be influenced by market competition and fluctuating supply costs. Similar constraints have been reported in studies where pricing ethics is recognized conceptually but challenged by business sustainability pressures (Arham, 2010; Alom & Haque, 2011).

The Place and Promotion dimensions received the lowest ratings, indicating areas where implementation is less consistent. In particular, limited structured promotional practices mirror previous findings among small and medium Halal enterprises where word-of-mouth remains the primary communication channel and strategic advertising is underdeveloped (Zakaria & Talib, 2010; Zulkifli, 2013). The lower Place rating suggests variability in operational practices such as service consistency and closure for Friday congregational prayer, which may depend on staffing levels, customer volume, and location contexts.

Furthermore, the significant group differences identified using the Kruskal–Wallis Test show that managers and more experienced staff tend to report higher levels of Islamic Marketing compliance compared to supervisors. This suggests that awareness and training play a key role

in how Islamic business ethics are understood and practiced daily. This aligns with previous literature stating that management knowledge and organizational leadership directly influence ethical marketing implementation (Abdullah & Ahmad, 2010; Arham, 2010).

Overall, the discussion of findings indicates that while Halal authenticity and ethical intent are evident, structured marketing strategies, particularly in promotion and service operations, remain underdeveloped. The results highlight the importance of training, managerial capacity-building, and awareness programs to strengthen the translation of Islamic Marketing principles into consistent practice.

#### 4. CONCLUSIONS AND SUGGESTIONS

The findings of this study reveal that Islamic Marketing practices among Halal restaurants in Iligan and Marawi are being implemented to a moderate extent. Among the dimensions of the marketing mix, product-related strategies received the highest rating, which indicates that business owners and managers prioritize Halal authenticity, quality, and customer satisfaction. However, promotion and place received lower ratings, suggesting limitations in visibility, market reach, and distribution efficiency. This imbalance points to a need for more strategic and value-driven approaches to marketing that align with both consumer expectations and Shariah principles.

The study also confirms that personal and organizational characteristics such as age, educational attainment, position, and years of service significantly influence the extent of Islamic Marketing compliance. Managers and employees with higher educational backgrounds and longer tenure displayed greater awareness and adherence to ethical marketing practices. In contrast, gender, ownership type, and business size showed little to no influence on compliance levels. These findings suggest that managerial awareness, professional experience, and continuous learning play critical roles in embedding Islamic values into everyday marketing operations.

To address the observed compliance gap, the study recommends the implementation of structured capacity-building programs and Halal awareness campaigns that focus on the integration of Islamic ethics and modern marketing techniques. Training sessions can enhance business owners' and managers' understanding of Shariah-based marketing, especially in digital promotion, fair pricing, and consumer engagement. It is also recommended that academic institutions, particularly in Mindanao, include Islamic Marketing in their business education curricula to prepare future entrepreneurs and leaders for ethical business management. Furthermore, stronger collaboration between local government units, Halal certification bodies, and business organizations is encouraged to ensure continuous monitoring, support, and development of Halal marketing practices. By combining education, policy support, and ethical awareness, Mindanao's Halal food sector can strengthen its market position while maintaining integrity and consumer trust.

#### ACKNOWLEDGEMENT

The author extends her deepest gratitude to Mindanao State University for providing an environment that values inquiry, cultural understanding, and ethical scholarship. The institution's continued encouragement of research and learning served as both the foundation and motivation for this work.

The author is sincerely thankful to the owners, managers, and staff of Halal-certified restaurants in Marawi City and Iligan City as well, whose generosity of time and insight made this study possible. Their willingness to share experiences and perspectives brought life to the research, transforming data into a meaningful picture of the Halal food sector in Mindanao.

Special thanks are due to the Certified International Halal Lead Auditor from the Malaysian Halal Consultation and Training Agency for his valuable role in validating the research instrument. His professional guidance and expertise helped ensure that the study remained grounded in both academic integrity and the principles of Halal compliance.

The author also wishes to thank her faculty mentors and advisers from the College of Business Administration in the University of San Jose Recoletos for their thoughtful direction, constructive feedback, and constant encouragement. Their mentorship guided the study from its early ideas to its completion with clarity and confidence.

Finally, heartfelt appreciation is extended to the author's family and loved ones, whose patience, faith, and quiet support have been a steady source of strength. Their belief in her work provided the motivation to complete this study with purpose and gratitude.

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