

ISSUES AND CHALLENGES IN IMPLEMENTING HALAL LOGISTICS

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Background of the study

Logistics is the [management](#) of the flow of [resources](#) between the point of origin and the point of consumption in order to meet some requirements, for example, of customers or corporations. The resources managed in logistics can include physical items, such as food, materials, equipment, liquids, and staff, as well as abstract items, such as time, information, particles, and energy. The logistics of physical items usually involves the integration of information flow, [material handling](#), [production](#), [packaging](#), [inventory](#), [transportation](#), [warehousing](#), and often [security](#). The complexity of logistics can be modeled, analyzed, visualized, and optimized by dedicated simulation software. The minimization of the use of resources is a common motivation.

Halal vs Haram

Based on Al-Quran, Halal means lawful or permitted. In reference to the food, it is the dietary standard, as prescribed in the Quran the Muslim scripture. General Quranic guidance dictates that all foods are Halal except those that are specifically mentioned as Haram (unlawful or Prohibited). While Haram means not permitted, not allowed or unlawful and illegal. The Al- Quran mentioned;

“O ye who believe! Eat of the good things wherewith We have provided you and render thanks to Allah, if it is He whom we worship¹”

The unlawful foods which are mentioned in the Al-Quran, are in the following verses;

“Forbidden unto you (for food) are: carrion, and blood, and swine flesh, and that which hath been dedicated unto any other than Allah, and the strangled, and the dead through beating, and the dead through falling from a height, and that hath been killed by the gorging of horns, and the devoured of wild beasts saving that which ye make lawful and that which hath been immolated to idols, and that ye swear by the divining arrows”.

“Forbidden to you is anything that dies by itself, and blood and pork, as well as whatever has been consecrated to something besides Allah, and whatever has been strangled, beaten to death, trapped in a pit, gored, and what some beast of prey has begun to eat, unless you give it the final blow; and what has been slaughtered before some idol, or what you divide up in a raffle; (all) that is immoral!...²”

In determining the Halal and Haram status of foodstuffs and other material, Islam has laid general guidelines on this matter, which are:

- 1) All raw materials and ingredients used must be Halal.
- 2) All of the Halal animals must be slaughtered according Islamic way.
- 3) All of the Halal ingredients and materials must not be mixed or come in contact with Haram materials.

Definition of Halal Logistics

Halal logistics is basically the process of managing the procurement, movement, storage, and handling of materials, part of livestock and (semi) finished inventory both food and non-food (and related information, and documentation flows) through the organization and the supply chain in compliance with the general principles of Shariah law.

While Halal Development Corporation (HDC,2010) defined halal logistics as “The basic principal of halal logistics is to ensure segregation of halal cargo from non-halal cargo. This is to avoid cross contamination and ensure that the logistics system is aligned to the expectations of Muslim consumers and so halal integrity is thus protected along the whole supply chain.” The objective of implement halal logistics is to ensure the halal integrity of halal products from the manufacturer to the consumer. The scope of halal logistics covers the halal logistic hub, transportation, route and also the management. The halal status will only be gain when the concept is fully implemented.

Research objective

In order to implementing halal logistics, any issues and challenges must be overcome. So in this research, we are going to determine any issues and challenges in implementing halal logistics. The issues and challenges in implementing halal logistics may become a problem for the service provider in providing the halal logistics services to their customer. With the issues and challenges, the halal logistic services might be hard to achieve. In findings the issues and challenges apparently halal logistics service operators can try to overcome all of the issues in implementing halal logistics.

Problem Statement

According to Darhim D. Hashim (2010) the Muslim population in 2009 is estimated at 1,657.7 million whereby 24% of the world population are Muslims. As Islam is the second largest religion, the demands for halal product are very high. The increasing number of Muslims is very high thus the demand for halal products must also high. It is because the demand for halal products do not come from Muslims only but the demand also comes from non-Muslims. So from that we can see that the demands for halal products are increasing.

It is because Muslims is obliged to consume halal products and avoid any haram products. As Islam obligate their people to consume halal product, the availability of halal product in the market is important to Muslim customers. For Muslims, they will rely on the halal logo in making the product choices. Due to the high cost of halal market, there are some manufacturers and retailers that are misuse in using or gaining the halal certification, halal logo and also halal services. As there are many institutions and agencies that are issuing the halal certificates that is why it might be hard to standardize the standard of halal around the world. And because of that there are some customers become more cautious in making a product choice.

The conventional logistics activities in general comprise of inbound and outbound of transportation management, fleet management, warehousing, materials handling, order fulfilment, logistics network design, inventory management, supply or demand planning and management of third party logistics services providers. Each of this activity was managed separately. Unlike the conventional logistics, halal logistics is a process like conventional but in compliance with generals' principals of Sharia law. As the demand for halal products is high, the needs for halal logistics also must be high. However in providing the halal logistics, there are a few issues and challenges which must be faced by operators in implementing the services. So the issues and challenges might be the reasons why there are only a few operators providing the halal logistics services.

Literature Review

Halal logistics is about embedding excellence in the supply chain during the sourcing, production and distribution processes. When a manufacturer puts a halal logo on products, it is a promise that everything is halal-compliant. The consumer assumes that the manufacturer takes care to ensure halal compliance throughout the supply chain. This means there is a need for halal storage facilities worldwide (Tieman, 2008).

Tieman (2013) defined Halal logistics as the process of managing the procurement, movement, storage and handling of material parts, livestock, semi-finished or finished inventory both food and non-food, and related information and documentation flows through the organization and the supply chain in compliance with the general principles of Shariah (Islamic Law).

Although halal market is booming and on an upward trend, there are very limited studies published on halal logistics (Lodhi, 2009; Zulfakar et al. 2012) and academic research in this area is highly needed (Tieman, 2013). However, there are several studies performed on halal logistics. In Malaysia, halal is under the authority and jurisdiction of Department of Islamic Development Malaysia (JAKIM), a government agency under the Religious Division, Prime Minister's Department Malaysia, and Halal Industry Development Corporation (HDC) under the purview of Ministry of International Trade and Industry (MITI).

There is no standard which is used across the world. The first attempt is made by the IHI Alliance in Malaysia and is official published standards as in; the MS 1500:2004 and the halal food production standard according to (Chaudry and Riaz 2004).

The consumer's consumption trends not only towards halal products but also halal logistics (Kamaruddin and Shabudin 2012). The issues of halal in general are the inconsistent definition of halal, the introduction of halal logo by individual firms, rampant use of Arabic or Islamic signalled brand names, widespread use of Quran verses on products and the lack of enforcement by authorities (Shafie and Othman 2006). If these issues are not rectified it can affect the halal industry, including halal logistics. The issues encountered in halal logistics from the context of the logistics company, the halal products, halal supply chain and halal value chain (Tieman 2011). Other than that the issues related with halal logistics are lack of halal certification authority, halal integrity, issues relating to certification process, transparency issues, and lack of certified halal logistics service provider.

However, halal logistics is still a growing industry worldwide and Malaysia is among the pioneer but there are still not many service providers applying the correct method. The best scenario to describe is the transportation and warehousing process. Segregation of halal and non-halal food products must be practiced to avoid contamination (Riaz and Chaudry, 2004).

In handling the halal food product, the tools must not be shared with non-halal food product by workers as it will cause contamination (Talib 2010). But these systems are not really being practised by operators in the industry hence the halal and non-halal products are still being transported in the same truck or stored in the same warehouse.

Transportation activities for halal logistics can be very challenging because there are lacks of collaborative efforts among the logistics service providers. In other words there can be lack of networking because when one party practicing halal logistics, they can rest assured that the activities are handled according to Shariah law but when the responsibility is passed to other party which are not practicing halal logistics there will be a problem regarding the halal integrity.

Theoretical framework

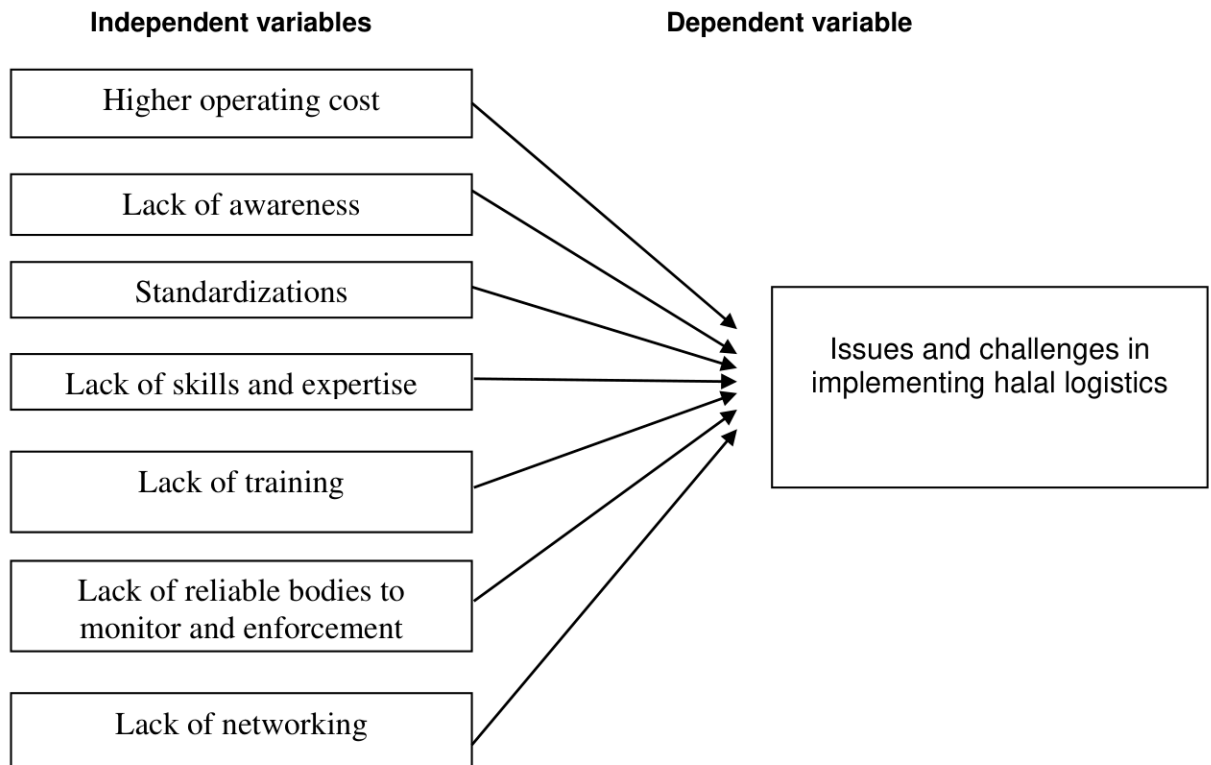


Figure 1: Theoretical framework by Authors

Research Methodology

The method for this research is by using the quantitative and qualitative research. This is due to the previous researchers have used quantitative and also quantitative survey method to collect data. The methodology that will be applied by the study has been chosen in order to acquire information and deduce conclusions about the issues and challenges in implementing halal logistics. For the purpose of this research, and in order to achieve the objectives, data will be collected and will be used both primary and secondary data.

- Primary data - Quantitative and qualitative approach using questionnaires survey will be used in primary data collection. The respondents will be the people whom are working in the logistics industry.
- Secondary data - Literature review from published journal, conference proceedings, books, articles and news releases.

This research paper is using exploratory research design because this type of research design will help researcher to find true problem or something that is unclear in which not much is known about the situation at hand, or no information is available on how similar problems or research issues have been solved in the past. This study is also necessary when some facts are known, but more information is needed for developing a viable theoretical framework. It also can demonstrate the relationship between the dependent variable and also independent variables in the theoretical framework.

As the topic of this study is about the issues and challenges in implementing halal logistics. Hence, this study is a correlational study. When the researcher is interested in delineating the important variables associated with the problem, the study is called correlational study (Uma Sekaran, 2009).

Organizational research can be done in the natural environment where work proceeds normally are called as non-contrived setting (Uma Sekaran, 2009). Therefore, study setting for this research is non-contrived setting this research is appropriate to use non-contrived setting because it involves natural environment and the type of investigation is the correlational studies. In fact, field experiment and field studies are examples of non-contrived setting. This study setting also is done in natural environment with addition of moderate interference by the researcher.

Unit of analysis can be referred as the level of aggregation of the data collected during the subsequent data analysis stage (Uma Sekaran and Bougie, 2009). This is where the researcher will be looking at the data gathered and interview from each of the logistics companies' response as data source. As for this research, the respondents only consist of logistic companies that are providing the halal logistics and also companies which are not providing halal logistics to get accurate data and information regarding the issues and challenges in implementing halal logistics.

The population for this research is the logistic companies' that are providing the halal logistics and also companies that are not providing halal logistics. There are a lot of logistic companies in Malaysia. However the population has been narrowed down to only several big logistic companies in Klang Valley.

Conclusion

From the topic of the research, we can see that the purpose of this study is to find the issues and challenges in implementing halal logistics. As the demand for halal products is high the demand for halal logistics also must be high. So the aim is to find the issues and challenges towards logistics operators in providing and implementing halal logistics services. Following the literature review, researcher found that there are seven issues and challenges which faced by logistics operators. It was hoped that this study would help logistics operators in determined the issues faced by them and help them to overcome the issues and challenges so that they can implement and provide halal logistics services.

Besides this study also will identified operators whom provide the halal logistics services and also operators whom did not provide the halal logistics services. Furthermore this research also can identify the level of awareness towards the halal logistics services in Klang Valley.

The issues and challenges need to be overcome by operators as the halal logistics industry need to keeps pace with the global demand for halal products and services. In logistics, products and services must be handled appropriately to avoid the halal to become haram. So in overcome these issues and challenges, operators and government must play an active role so that all of the issues and challenges could be overcome so that more operators could implement and provide the halal logistics services.

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Author's Biography

Azlina Hj Muhammad graduated in BBA (Transport) from UiTM in 1996 and pursued a degree in MSc International Transport from Cardiff University of Wales, United Kingdom and graduated in 1998. She has gained a tremendous industry experience when she joined Kontena Nasional Berhad (KN) in 1999. Early in her career, she was trained as a strategic and corporate planning professional and moved on to a new and higher level later on within the industry. Her industrial background consists of more than 10 years of successful experience and skills in strategic and corporate planning field. She was also responsible for the setting-up of the Halal Business Unit at KNB and managed to obtain the recognition for KNB as the first Halal logistics provider in the Country. Whilst in the industry, she was heavily involved in the development of various projects via her feasibility studies skills and expertise. Some of the projects that she involved directly were the feasibility study on Cross-border logistics between Malaysia and Thailand, establishment of dry port at Hiep Phuoc Vietnam and development of temperature-controlled distribution centre facilities in Japan. She was also involved with various Government agencies representing Kontena Nasional for her inputs in the initial establishment of ASEAN Multimodal Framework and other works related to ASEAN initiatives. Azlina set herself up as a strategic and corporate planning professional and progress her passion in the same field for getting a job well done. She is also a member of the Chartered Institute of Transport and Logistics (CILT) since 2002.