Halal Logistics Implementation in Malaysia: A Practical View

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Abstract. Concept of halal is not only acceptable worldwide by the Muslim society but also to the non Muslim. However, the implementing of halal logistics in daily operation experience a few difficulties especially on the implementation part. Although there are many academic research paper that highlight the issue of halal logistics and the critical success factor, until today, halal logistics in Malaysia is still experiencing a hiccup. This paper try to highlight a few simple ways of implementation of halal logistics that could enhance the total implementation concept at the very least cost to create benefit to all society. The Paper deals with a few aspect of possible implementation and practice to facilitate the halal logistics approach in daily operation. The main objective is to look at the possible method of implementation and critical success factors towards the implementation of halal logistics operation in daily goods movement in Malaysia.

1. Introduction

The concept of halal has obtained increasing attention as a result of the rising number of Muslim population globally. This is because the rising number of Muslim constitute that the consumption and promotion of the halal food is becoming significant as it associates with quality, cleanliness and safety as underlines by the syariah principles (Harlina et al., 2012). They also mention that the syariah sets guidelines for what is right and wrong in everyday life, including standards for food, family life, and business transaction. The existence of halal product had widen the market when the product could be consumed by all consumers.

Mohamed et al. (2016) states that unified halal standard is not only limited on the ingredients of the products but also includes all activities along the supply chain. Many researcher start to focus on halal logistics due to the fact that halal food accounts for more than 17% of the world food industry. Not only that, halal food shares many important common processes with non-halal food, thus halal food integrity can shed light on other food supply chains; and most importantly halal food markets are growing. Improved understanding of halal logistics in port operation will create a huge benefit for food firms that intend to venture into the growing markets (Ali et al., 2013)
A study by Ibrahim et al. (2015), had concluded that, while many countries such as Thailand, Brazil, Australia, New Zealand, China, Indonesia, Singapore and others rely heavily on the non-government organization for certification, the Malaysia Halal development system is unique. This is because, a department in Malaysia Prime Minister Department known as the Department of Islamic Development Malaysia or JAKIM leads the multi-agency structure of halal development system. In spite of that, Kamaruddin et al. (2012) had also mentioned that, to date JAKIM’s halal certification and logo have gained a high added value to a product and reputable commercial value in order to overcome the boundaries of race, culture and religion. Despite its size, Malaysian Halal certification issued by the Department of Islamic Development Malaysia (JAKIM) is highly recognized and recommended in the international market. Furthermore, a study by Ab. Rahman (2011), found that, manufacturers have placed the value of the halal label on their products to be higher than the value of the product itself. They have sometimes found it difficult to market their product without using the halal label issued by the Department of Islamic Development Malaysia.

2. Elements Halal Logistics
A research done by Ali et al. (2013) had highlighted and defined six dimensions of halal integrity risk. This include a) production; b) raw materials; c) food security; d) outsourcing practices; e) service; and d) logistics. However they did not discuss the implementation of these concept in port operation in Malaysia.

In producing a halal product, the main important principles that should be focus on is that the products should not at any time be contaminated with non-halal products. Therefore, in this vein logistics is seen as one of the probable sections in the supply chain that has a hidden risk towards halal integrity. Ideally, the vessel of transport needs to be ritually cleaned and consignments properly segregated in order to ensure the requirements are observed and that the logistics are dedicated to the halal product shipment (Harlina et al, 2011). However, major challenges to produce a halal logistics supply chain arise as there are very little numbers of certified halal logistics providers to cater for the halal demand. What more on the implementation side where process and procedures still cannot be standardize among the port operation.

Among the elements of controlling ‘Halal’ in logistic activities are monitoring Halal performances controls in transportations activities and the movements by any type of transportation mode must comply with the principle of Shariah. There is a risk of cross contamination of Halal product with Non-Halal during transportation operations. Among the issues are sharing containers, poor visibility into what inventory is in which containers, where the container is transit, history of immediate suppliers, history of immediate maintenance and segregation allocation space between Halal and non-Halal goods in same containers increased the risk towards Halal integrity being compromised

3. Halal Logistics Initiative and Food Integrity.
Among the initiative highlighted by Tan et al(2012) from Malaysian government regarding the halal logistics operation could be seen through three sector namely, Halal logistics standard on transportation MS2400 (2010), incentive offered for Halal business and ICT application and Halal Program Initiative.

3.1 Halal Logistics Service Providers (LSP)
In Malaysia, all LSP are Halal Jakim-certified logistics provider and had also apply for Halal logistic standard that covers on transportation, warehouse and retailing. This is one of the initiative taken by Malaysian Government as a driving factor to comply with the standard; the organization must establish and apply traceability system that enables the identification of
goods and/or cargo in the transportation chain services, the identification of the inbound goods and or cargo for the processing stages from the immediate suppliers and distribution routes at destination of the goods and or cargo (Tan, 2012).

3.2 Incentive for Halal Business and ICT
In this study, there is not enough mention about the government support toward ICT application. However, most Halal LSPs desire various and appropriate support from the government. Some of Halal LSPs (CsA and CsC) have used one of the ICT service platforms developed by the support of the government According to Malaysian Logistic Directory [5], in terms of government support, attractive tax incentives are offered for businesses involved in Halal products and services.

3.3 Halal Initiative Program
In this program, all Halal LSPs were being provided with many programs and training related to ICT adoption in Halal sector. The training has helped Halal LSPs on how to comply with the Halal logistic standard especially in Malaysia. They were organized in 2006 by the enforcement of government legislation to promote ICT adoption among LSPs.

According to Tan et al. (2012) This initiative is to create awareness and knowledge amongst its employees in managing halal products as well as ensure its effectiveness in terms of application. In Malaysian context, most of the LSP will send their Halal officer to join the Halal training course once a year to master in Halal transportation’s issues especially on sharing container, lack of visibility across an entire supply chain includes poor container identification, segregating allocation between Halal and non-Halal product in same container (for contamination avoidance)

3.4 Food Integrity
Food integrity is the new horizon of concerns and debates in the context of halal logistics and supply chain in Malaysia. Even though Malaysia are known as Islamic country where no doubt should be place on how the food and halal stuff are handle, still the severity of the halal logistics need an immediate attention due to pressure from governments and consumers. Problem like misleading in the labelling on the food appears to be just the tip of the iceberg. However, if the related issues are not being tackled properly and the risk is not being mitigated, they may create a significant impact towards the health, safety and beliefs of the consumers.

4. Issues of Halal Logistics
The current studies on the Halal Certification System in Malaysia had examined issues and challenges from various points of time starting from 2006 to 2012.

4.1 Lack of Enforcement
Among the major finding are lack of enforcement by JAKIM, lack of assistance by related agencies and lack of collaboration amongst the halal certification authorities and slow process of certification (Shahidan and Othman, 2006) and others claim on the insufficient IT support for database and information system that lead to lack of capacity to execute duties and responsibilities especially on halal logistics Hishammuddin (2007). While another study conducted by Nurul Huda N., et al (2009), highlighted the value of halal certification system in Malaysia, concludes two issues which are inefficiency of halal certification process and the conflict of authority and governance between the federal government and the state governments. They sum up that, since then, many efforts have been taken by the Malaysian Government to enhance the halal development system in regard to the issues and challenges. This issue is seen as one of the biggest challenges in implementing a halal certification process.
4.2 Basic Needs for Halal Implementation
Although many studies had examine the concept of halal logistics implementation from the policymakers’, the service providers’ perspectives Hayati et al., (2008), Azah et al., (2008), on Halal standards and technology for halal logistics, but less likely, there is still lack of study to assess the basic needs to implement halal logistics especially in daily operation. Thus, the main concern of this study is to explore the feasibility of the current practice of halal development system, in particular, certification and monitoring and enforcement system for halal logistics in daily practice in Malaysia.

Through an observation done in an Islamic country A in 2016, movement of halal goods were being scan through their own port where The Department of Shariah were located in the port itself to check on the halal status of every import goods before it is allowed to be disseminate through out the country.

Perhaps, country like Malaysia could consider this practice. After all it does not need an expensive device or tools for the implementation. At least by screening through the product and verification, the confidence of the society on the consumption of the imported product is high even if the product comes in variety of logo sign. A further interview with the residents living in an Islamic country A, indicated that the country were supplied with the chicken from their own farm. By implementing this, all resident including the non muslim get to eat a halal product.

4.3 Packaging
A study by Mohamed and Mohd, (2012) had focus on the issues encountered on Halal packaging. They mentioned that Halal certification on the packaging, the Halal methods of product handling and Halal traceability of the packaging faced major challenges. This is because a product with a halal logo are still doubted especially on the syariah compliance. Example in Fig 1, there are many version of halal logo available in the market. The question is how far, the halal logo being printed on food are permitted, permissible and lawful. The process of determining the sources of halal cannot be done by each individual.

Therefore, respective bodies like Department of Islamic Development Malaysia (JAKIM) should be place at every port or spot to check on every imported goods into Malaysia to verify the halal logo and the content. This move is seen as a practical solution to the issue of halal logo printed in most of the imported product into Malaysia. Relocation of JAKIM officer at most of the

A personal observation in Islamic Country A, had even screen through cloth, books and other reading material in their country in ensuring only Syariah compliance material were distributed in their country. This move is seen as important as Tieman (2011) highlighted that the degree of importance of keeping consumer product safe, not only during the point of consumption but also throughout the supply chain network from the source of material to the final consumer.
An early research done by Shafie and Othman (2006) mentioned that the issues with Halal certification lies in the various series of Halal definition, issuance of Halal logo by private or individual authorities, the use of Quran verses or Arabic characters on food products and premises and the weak enforcement by responsible authorities in tackling fraud Halal logos. Halal logo is printed on food packaging were doubted as there are reports that non-Halal product (pork) is packaged and labeled as Halal (Hong, 2007).

As reported by the International Halal Integrity Alliance, (2011), there are about 122 active Halal certifying bodies, made up of government, firms, mosques or Islamic societies which has actively producing logo of halal towards various product.

This has no doubt happen in Malaysia as well where logo of halal in many food packaging were doubted especially on the imported product. Although many step had been taken by JAKIM to verify the halal logo from time to time through their website especially on the imported food product, the consumer are often left to take their own action regarding the decision to purchase. For those with technology savvy, it wont be much of the problem as they could log in to the website and get all the information needed easily, but for the majority of the society who were not expose to information and technology will be left behind with their own decision and instinct. Thus, it would be more effective if JAKIM could at least screen all the product first before allowing it to be shelf for the public.

5. Halal Warehouse

A study by Ngah and Thurasamy (2010) had highlighted a few manufacturer list and halal warehouse implementation in Malaysia. However, in their study they did not mention about the practical solution in implementing a halal process through out the supply chain process. The only common thing being discuss were the different tools that were needed in handling both halal and non halal goods.

Table 1 indicate the analysis done by Ngah and Thurasamy (2010) on the number of manufacturer of halal in Malaysia.
Table 1: Halal Manufacturer in Malaysia

| State         | Small | Medium | Multi National | Total |
|---------------|-------|--------|----------------|-------|
| Johor         | 119   | 181    | 65             | 365   |
| Kedah         | 29    | 50     | 11             | 90    |
| Kelantan      | 8     | 4      | 2              | 14    |
| Melaka        | 18    | 34     | 10             | 62    |
| Negeri Sembilan | 34   | 35     | 11             | 80    |
| Pahang        | 13    | 18     | 11             | 42    |
| Penang        | 86    | 118    | 32             | 236   |
| Perak         | 21    | 45     | 17             | 83    |
| Perlis        | 3     | 3      | 2              | 8     |
| Selangor      | 407   | 552    | 144            | 1103  |
| Terengganu    | 5     | 14     | 4              | 23    |
| Sabah         | 5     | 25     | 7              | 37    |
| Sarawak       | 19    | 40     | 8              | 67    |
| Kuala Lumpur  | 173   | 170    | 70             | 413   |
| Total         | 940   | 1289   | 394            | 2623  |

Source: www.hdcglobal.com/publisher/alias/halaldirectory

By having a huge number of halal manufacturer in Malaysia, it does not seem like country like Malaysia can be free of the current halal logistics issues. Issues of implementation, enforcement and integrity, hit every part of the world and this include Malaysia as well even though it is known as Islamic country. Therefore a practical solution is much needed to overcome the problem.

According to Ngah and Thurasamy (2010), the market value of Halal products keeps on growing. According to the Halal warehouse providers, the adoption rate of their services is not growing as fast as expected. Othman et al. (2006) mentioned that, even compliance with the Halal requirements are no longer a threat, but as a business opportunity, moreover as a source of competitive advantages (Zailani et al. 2011) but majority of Halal manufacturers are still reluctant to adopt halal warehouse to their business operation.

6. Conclusion
Due to the fact that not only Muslim consumed and prefer Halal food products, thus the implementation, the enforcement, and the integrity of halal supply chain is crucial towards the successfullness of halal logistics in Malaysia. Therefore as suggested, it should start from every warehouse where only certified halal product are allowed to be distributed throughout Malaysia. To implement this, role of JAKIM is much needed in every disembarking point of the goods distribution in Malaysia.

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