

## The Halal Concept on Logistic Islamic Practices in Malaysia

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**Abstract:** Halal is an Arabic term that means permitted or lawful. The opposite word of Halal is Haraam which means forbidden and unlawful. Halal logistics is the process of controlling the material flow and information flow throughout the supply chain by following the Halal standard. The material flow includes transportation, storage and terminal operations. Malaysia has a total population of Muslim in Malaysia of 1.7 millions which 61.4 percent from the total population. Malaysia is accredited by the United Nations (UN) as the best country in Halal production of products and has a good standing image among other Muslim countries. This paper shows the application of Halal in industry activities are being questioned whether it is mixed with non-Halal or not. The lifestyle of Muslim consumers in Malaysia has make them eager to have a better understanding regarding Halal concept in products and services including the making process in production. The outcome expected from the study is about the Halal concept in logistics is improving the Islamic practices in Malaysia.

**Key words:** Halal • Logistic • Islamic Practices • Muslims

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### INTRODUCTION

According to current statistics, the population of Muslim is increasing up to more than 1.7 billions which make Islam as one of the largest religion in the world. Some of countries that have large number of Muslims are Malaysia, Indonesia, Brunei and Saudi Arabia. As a Muslim, Islam is not just a religion but the teachings and the actions in Islamic way or to make it simple, it is a complete way of life that must be practiced continuously in Islamic way. In Islamic teachings, a Muslim has to behave according to guidelines which called as Shariah (Islamic Law). In fact, a Muslim has to avoid any behavior that is against with Islam.

When talking about Halal, it is synonyms with Muslim people. Halal is an Arabic term that means permitted or lawful. The opposite word of Halal is Haraam which means forbidden and unlawful. The Halal characteristics can be referred according to Shariah. As Muslims, we believe that eating Halal food will make us healthy as Islam teaches us to take Halal foods as they will help us to protect our life and mind parallel to the Maqasid Shariah. Besides that, in today's world, we can see that a lot of people are talking about Halal foods. Halal foods mean that foods that can be eaten following to Shariah.

Actually, Halal does not concern only about foods, but the products or services have to be Halal and follow the Shariah principles which stated that the products or services:

- Do not contain any non-Halal elements or products of Haram animals (pig and dog) or products or animals that are not slaughtered in the name of Allah and not using methods according to Shariah;
- Do not contain any ingredients that are regarded as najis (unclean);
- Are safe and not harmful;
- Are not prepared, processed or manufactured using tools or equipment that are contaminated or used with non-Halal or najis (unclean);
- Have ingredients or products that do not consist of any human part; and
- During the process of manufacturing, preparation, packaging, storage or distribution, product must be physically separated from Haram products.

Besides that, Halal setting should also involve in other activities such as supply chain management, financial management, tourism management etc. For supply chain management, the main focus is on logistics. According to Lambert *et al.* [1], logistics means the

process of planning, executing and controlling the flow and storage of goods, services and related information from the origin to the consumer. As we know, Halal products must follow the Shariah principles and not to disregard the Halal logistics during the making process.

Halal logistics is the process of controlling the material flow and information flow throughout the supply chain by following the Halal standard. The material flow includes transportation, storage and terminal operations. Meanwhile, the information flow includes the data management in the supply chain, that is, information on product and code of product. Generally, Halal logistics is a system that practiced on separation instead of recognition. The main purposes of separation the Halal products from non-Halal products are to avoid contamination, avoid making mistakes and also to make sure consistency with expectations of the Muslim consumer. Therefore, it is significant that Muslim consumer requires Halal products, that is, not only Halal in production of products but also Halal in term of logistics.

**Background of Study:** Malaysia is a multiracial country with an up to 28 millions of population. Based on recent statistics, the total population of Muslim in Malaysia is 1.7 millions which 61.4 percent from the total population. This shows that the Muslim population in Malaysia is the majority population in Malaysia. By having the majority of Muslim, Malaysia makes the Halal foods and Halal logistics at a good position in becoming a Halal Hub. Moreover, according to Bohari *et al.* [2], Malaysia is accredited by the United Nations (UN) as the best country in Halal production of products and has a good standing image among other Muslim countries.

The Halal industry in Malaysia began in 1974 when the issue of Halal certification towards product is issued by the Research Centre for the Islamic Affairs Division in Ministry Department of Malaysia. After that, the first Halal standards is released in 2000 which then becomes the indicator for Malaysia as the first country that have documented and systematic Halal system. In 2005, an organization named as Department of Islamic Development Malaysia or JAKIM is officially established. This organization is the first Halal certification body in the world.

Then, in 2008, the Halal Industry Development Corporation (HDC) is formed under Ministry of International Trade and Industry (MITI) with the purpose to emerge Malaysia's industry and attract foreign investment into Malaysia. Apart from food and beverages Halal industry, Malaysia's Halal investments have

enlarged into variety of other industries such as cosmetics, logistics, pharmaceutical and the current one is tourism. Furthermore, the Halal system in Malaysia also can be seen in services such as Islamic banking. The practices in banking have followed the Shariah principles.

**Problem Statement:** According to Al-Jallad [3], Halal is usually related to food consumption, but basically it involves in every aspect of a Muslims lifestyle which includes speech, social interaction, behavior, attire and manner. Muslims believe that Halal is a very important matter to care about in their life but the application of Halal is requiring a wide range of effort in order to ensure that Halal matter is involve in all activities. Therefore, one of the Halal matters is about Halal logistics system in the supply chain management. The application of Halal in the logistics has to be taking serious in the products manufacturing and also in delivering services. The Muslim population in Malaysia is being the majority of population in the country. Thus, they are concerned with the Halal matters.

However, the application of Halal in industry activities are being questioned whether it is mixed with non-Halal or not. The lifestyle of Muslim consumers in Malaysia has make them eager to have a better understanding regarding Halal concept in products and services including the making process in production. To be clear, the Muslim population will be studied to determine the application of Halal concept in logistics in improving the Islamic practices in Malaysia. Besides that, a qualitative method based on content analysis is needed to identify the information on the application of Halal concept in logistics and the Halal practices in Malaysia. The outcome expected from the study is about the Halal concept in logistics is improving the Islamic practices in Malaysia.

The objective of this paper is to determine the implementation of halal concept in logistics in improving the Islamic practices in Malaysia regarding the implementation of halal concept in logistics. Furthermore, it is to let people know more on halal concept in logistics systems as a very important to the Muslim consumer.

#### **Literature Review**

**Halal Concept in Logistics:** Based on journal "The application of Halal in supply chain management: in-depth interviews" by Tieman [4], he stated that Halal supply chain management is about to avoid the mixture, contact and exposure with Haram, by highlighting the risk of contamination and making sure that it is parallel with

the perception of the Muslim consumer. Significantly, the important variables in the Halal supply chain management are the product and market characteristics.

From the journal “Innovation in logistics services – Halal logistics” by Jaafar *et al.* [5], they found new logistics services which could meet the increasing demand from the customers primarily Muslims customers. These services are very significant as they have considered some factors such as comprehensive hygiene practices and thus, it is also significant to other customers. But, the understanding of basic concept of Halal practice and the rationale of its execution is very significant before one can commit to its practice. Besides that, their study also provides to the knowledge advancement through the elaboration of a case study, which demonstrates the application of Halal concept in logistics services.

According to the journal “Willingness to Pay for Halal Logistics: The lifestyle choice” by Kamaruddin *et al.* [6], they found that the willingness to pay for all Muslim is expected when it’s regards with preserve the Halal compliance parameter throughout the supply chain. That means demand and cost is related to importance for Halal logistics will possibly make the decision for consumer willingness to pay for the Halal logistics. They also stated that the factors of demand have positive influence that related to willing to pay and the demand will change the lifestyle of Muslim population in Malaysia.

Their study also showed that consumer pattern of consumption not only towards Halal product but also Halal logistic. They also mentioned that the understanding of consumer willing to pay can bring manufacturers to execute the Halal concept in the value chain beyond to the entire system of animal/plant feed, raw materials extract, harvesting/ slaughtering, processing, packaging, labeling, transporting, finance and logistics of food, i.e. the complete “farm to fork” process.

According to the journal “Halal logistics in Malaysia: a SWOT analysis” by Talib *et al.* [7], based on Tieman [8] and Mazlan [9], the application of information technology (IT) is regarded as an opportunity in Halal logistics industry as it is attracting the interests. According to Anir *et al.* [10], the use and application of radio frequency identification (RFID) in Halal tracking is still in the early stages, however, there are obvious opportunities to use real-time Halal tracking. Furthermore, a study on Halal packaging [11], one of the activities in Halal logistics, showed that there is unseen existence of non-Halal or doubtful substance in the packaging. Thus, it gives worthy proof that the gray area in Halal products and Halal logistics exists.

**Islamic Practices in Malaysia:** From the journal “Halal logistics in Malaysia: a SWOT analysis” by Talib *et al.* [7], they stated that the potential of Halal logistics in Malaysia is because of the numerous of good Halal logistics service providers. He also added that there are some aspects in Halal logistics activities such as transportation, warehouse and storage, have JAKIM and Standards and Industrial Research Institute of Malaysia (SIRIM) MS1900: 2005-certified service providers.

Besides that, they found that there is a strong government support in Malaysia. The Malaysia government had been long recognized, supported and many efforts had been executed. The support has been extended from the origins right until the final consumption. Furthermore, some of the government initiatives in implementing the Halal logistics and Halal industry can be seen through execution such as national budget allocation for product development, better Halal certification, promotion, education and training initiatives and tax exemption [12,13,14].

In addition, they said that another declaration that Malaysia is recognized as a Muslim country is because of the Halal certification and Halal logo. According to Talib *et al.* [7] based on Nik Muhammad *et al.* [15], they stated that Malaysia’s strength depends on the certification. Moreover, Bohari *et al.* [2] also showed that Halal certification from Malaysia is more valid and valuable compared to those from non-Muslim countries.

## MATERIALS AND METHODS

This research methodology is used a qualitative technique. The technique used is by the secondary data through the content analysis method. Content analysis is a technique used to summarize any form of content by considering variety of aspects in the content. According to Hsieh and Shannon [16], content analysis is broadly used qualitative research technique. Apart from being a single method, current applications of content analysis indicate that there are three distinct approaches, that is, conventional, directed, or summative. The content analysis technique is used because the Halal logistics is a new study phenomenon in the logistics area [17], therefore, there is lack of industry experts [18].

This approach is used by analyzing particular journals that are related with the study. Then, the interpretation and evaluating of the journal’s content is carried out in order to achieve the research objective. In this study, the chosen journals are “Willingness to Pay for Halal Logistics: The lifestyle choice” by Kamaruddin *et al.* [6], “The application of Halal in supply chain

management: in-depth interviews” by Tieman [4], “Innovation in logistics services – halal logistics” by Jaafar *et al.* [5] and “Halal logistics in Malaysia: a SWOT analysis” by Talib *et al.* [7]. From these journals, the content is analyzed and focused on the Halal logistics and the Islamic practices in Malaysia.

## DISCUSSIONS

Based on previous study, we can see that the halal logistics expanding parallel with the needs for Halal system in supply chain as to follow the Shariah principles. The Halal logistics has make the Muslim consumer to become aware on the requirement of Halal logistics in making of products and services. From the chosen journal, I can summarize the journal regarding the Halal concept in logistics and the Islamic practices in Malaysia. Firstly, the journal “The application of Halal in supply chain management: in-depth interviews” by Tieman [4] shows that the Halal supply chain management is implementing the Halal practices in ensuring there is no mixture, contact and exposure with Haram. Secondly, the journal “Innovation in logistics services – halal logistics” by Jaafar *et al.* [5] found new logistics services which could meet the increasing demand from the customers primarily Muslims customers.

Thirdly, the journal “Willingness to Pay for Halal Logistics: The lifestyle choice” by Kamaruddin *et al.* [6] shows that the willingness to pay for all Muslim is expected when it’s regards with preserve the Halal compliance parameter along the supply chain. Lastly, the journal “Halal logistics in Malaysia: a SWOT analysis” by Talib *et al.* [7] found that there is a strong government support in Malaysia. The Malaysia government had been long recognized, supported and many efforts had been executed in term of Halal practices. All of these journals have showed the Halal concept in logistics and the Islamic practices in Malaysia. Furthermore, we can see that Malaysia has implemented the practice of Islamic in their industry by providing Halal certificate for the Halal products and services. In conclusion, this study also showed that Malaysia has implemented the application of Halal concept in the logistics system which means that the Halal logistics has improved the Islamic practices in Malaysia.

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