

Negotiating Interests According to Islamic Approach on Halal Certifications: Challenges in Creating Jobs

¹A.R. Norhayati Rafida, ²A.R. Alina, ³H.H. Hafiz and ⁴B. Saifol

¹Faculty of Leadership April 23, 2012 and Management,
Universiti Sains Islam Malaysia, 71800 Nilai, Negeri Sembilan Malaysia

²Institute of Halal, Research and Management,
Universiti Sains Islam Malaysia, 71800 Nilai, Negeri Sembilan, Malaysia

³Global Integrity Products and Services Pte. Ltd. No. 9A, 1st Floor,
Jalan Wau 11/A, Section 11, 40000 Shah Alam, Selangor, Malaysia

⁴Halal Industry Development Corporation Malaysia, 5 - 02, Level 5, KPMG Tower,
First Avenue, Persiaran Bandar Utama, 47800 Petaling Jaya, Selangor, Malaysia

Abstract: Negotiation usually takes place whenever a conflict arises between two individuals or groups over differences of interests. Differing needs and socioeconomic backgrounds may occur when unresolved issues arise, pertaining to the changes of Trade Description Act 1972 to Trade Description Act 2011 Malaysia creating interests among affected Halal industries, government agencies and consumers alike. In order to fill up the gap over interests that are naturally diversified, it raises a question if the interests could be negotiated in order to call for cooperation. This paper therefore focuses on the concept of negotiating interests via “Halal Jobs” or HalJob programme using the Islamic approach. The programme has been introduced to the Muslims who live in Sarawak, Malaysia. It is hoped that this programme will become a platform that create job opportunities to enable constructive development particularly, in the economic growth among the local Muslim communities. This study finds that in order to negotiate their interest, certain challenges that require potential solutions for the HalJob programme needs to be addressed.

Key words: Negotiation • Islamic • Negotiation • Conflicts • Halal Certifications

INTRODUCTION

This articles reviews challenges in negotiating interests among Muslim youths from Kuching, Sarawak, Malaysia towards job opportunities in Halal products. Apart of individual difficulties, this paper highlights some experiences faced by IHRAM in promoting job opportunities among Muslim youth towards HalJob programme. Negotiation is defined as a tool of resolving conflicts which has been found to be critical and significant in conflict resolution. It is perceived as a process of resolving conflict which is due to different interests or needs between individuals or groups. It occurs when the differences cannot be satisfactorily dealt with [1].

The negotiation is only possible whenever there is a need and motive to solve the differences among conflict actors [2]. An outcome refers to the ability of minimizing

differences of interests or needs which may fall into win-win or win-lose situation. The solution is suggested to include behavioral and attitude changes and constructive or destructive outcomes [3]. There are number of strategies in conflict resolution namely mediation, negotiation, conciliation and problem solving. However, it has been agreed that negotiation is the best approach in solving conflict [4]. Negotiation is also found to be a process of transformation which aims to develop the parties through empowerments and recognition [3]. The process is seen as highlighting opportunities to recognize other various parties’ diversified interests. Thus, it was suggested that relevant parties should focus towards facilitating the recognition along with enhancing opportunities for empowerments [5]. Putnam [6] found that there are hidden areas in the negotiation process which are mutual understanding and effective interaction. Putnam [6] therefore suggested a new model of

negotiation that reveals how the conflict actors of negotiators could come to an understanding of self and the other party as well as connectedness between them. It is the process of which members are informed about the other's position and consensus is reached through the process of clarification or explanation as opposed to operationalization of staged problem solving actions [5]. Consequently, a new model should then propose a higher level of interaction and responsive environment rather than placing themselves in the position of managing the progress through certain steps and process.

According to Patten in *Harvard Negotiation Project* [7], seven elements are effectively used in the negotiation. First, the individual should be able to show interests in the issues that need to be solved. Without the interests, the message may be inaccurate and have less impact on the targeted audience. Second, differences of Syariah and legislative requirements may arise among Muslims towards Islamic issues. In order to handle such circumstance, the individual should be prepared with alternatives that brings into light, choices of solutions. It is, therefore, important to acquire skills of communication so the information delivered may be convincing [9]. Third, individuals should build a relationship to keep them in the context of negotiation. The relationship led to better understanding and communication becomes at ease. Having alternatives is part of the strategy that offers wider scope of solution. But giving choices, as the fourth element, is essential. Choices indicate the flexibility of the negotiator towards achieving their goals in the negotiation. Not only differences, but similarity among the individuals needs to be maximized creatively. The fifth element refers to making sense of the perceived reality of the messages. What underpins the message should lead to the act of fairness, symbols of maturity and efficiency in handling the situation. On top of that, commitments are the root of process, as the sixth, though, which govern the overall process of effective negotiation. The negotiation is unlikely to occur due to the absence of commitments from both individuals. Lastly, it is a communication that inspires the clarity, attentions in which the understanding or disagreements may occur [10]. It is the key that enables the flow of each step in negotiating interests among those who is practically naïve and yet making decision for agreements is highly requisite.

Negotiation, in Islam, is a technique that poses confidence in developing harmony and peace among Muslim communities as well affection which simplifies the process of solving differences of cultures and economy [8]. This situation denotes significantly a platform that

cherishes human relationship and therefore negotiation becomes a foundation that is dynamical and practical by each individual. The intended foundations refer to number of factors namely commitments, good intentions, constructive arguments, Islamic centered, a flexibility which reduces the gap among differences of arguments among Muslim communities. Previous studies show number of significant findings. Jonathan [14] asserts that current trends focus on rate determining steps within functional marketing approaches. He suggests that Halal's competitive advantage is of more significance whenever it is carried out through the implicit elements of strategy and management. According to Pazim *et al.* [15], the implementation of a national policy must be critically assessed and evaluated as it has far-reaching implications for the national economy.

In London, Joe *et al.* [16] found that Jewish religious perceived current gene transfer reactions regardless of the source of the gene on the ground that the product takes on the identity of the end product. Muslim religious, however, reviews the use of synthetic genes and genes obtained from non-Halal animals while other forms of gene transfer are accepted by the Muslim community. According to Fischer [17], Islamic organizations in Britain claim authority through Halal in crossing point among expanding markets, secularism and the rights and demands of a Muslims. He suggests that the powerful political discourses identify the veiling of Muslim women as an undesirable Islamic practice in public life, whereas Halal is undergoing a revolution in a discursive vacuum. Consolidation of the Halal certification can be obtained. Bringing Halal certification into public goods sphere should consider the role of the Halal certificates. It will then enhance the reputation associated with Halal certification [18]. On top of that, Halal quality coordination is strongly based on civic and domestic logics in which Muslim consumers prefer Muslim butchers also known for reputation with similar moral and religious obligations [19].

Halal Foods

Law, Certification and Theory

Halal-islamic Dietary Laws: According to Quran and Sunna, there must be rules of governing Halal food in the light of Muslim life. There are three main issues pertaining with the laws of diet which are 1) prohibited and permitted animals; 2) method of slaughter; and 3) prohibition of impure substances.

According to Mohamed [13], as recorded by World Trade Organization (WTO) and General Agreement of Tariff and Trades (GATT), the possibility of exporting

food to the Muslim world which covers 1.3 billion people have become the most tempting options players in the food industry.

There is a great demand and positive business opportunities relating to Halal products. In the United States and Europe, Muslims begin to request the need for Halal food. While in New Jersey and Minnesota, each of the State legislatures recently approved for "Halal consumer fraud protection" laws [11]. It creates critical mass and speculations that they should have their own version of a similar statute [12] Even in Michigan, the elementary schools make a demand for access to Halal food.

The Misuse of Halal Certification and Logo: It is the main catalyst for the need to legislate laws that govern the consumers' rights pertaining to Halal food and product. Muslim consumers are restricted by their religious requirements to buy only foods which are Halal, which explain why Muslims consumers demand for Halal foods on the market. Muslims consumer demands for Halal food and product further can be explained by Theory of Reasoned Action (TRA). According to the TRA, in particular the second postulate of the TRA, attitudes are a function of beliefs. Hence, the Muslims consumer attitude in searching for Halal food and product is the natural action on his part to obey his religious commandment. On the other hand, the misuse by the Industry can be explained by the Law of Supply and Demand. Lastly, the necessity of having legislative intervention to curb this misuse and abuse can be explained by the deterrence theory.

The purpose for having laws (concerning products for consumption) according to Patricia Curtis is that "the laws were made for a variety of reasons, including ensuring that consumers get what they pay for, ensure that the food is safe and uphold religious beliefs." In general, under Syariah law everything is permitted for consumers' use and benefit. Nothing is forbidden except what is prohibited either by a verse of the Quran or an authentic and explicit Sunna of the Prophet Muhammad (pbuh). These rules of Syariah bring freedom for people to eat and drink anything they like as long as it is not haram or prohibited.

Islamic Theory: Islam places great importance on the issue of consumption to the extent that the dietary requirements of Muslims are enshrined in the Quran, in the fifth 'surah' (chapter) aptly named 'Al-Ma'idah' (The Table Spread, for instance, the serving on the table). Allah says in the Quran: "They ask you (O Muhammad

pbuh) what is lawful for them (as food). Say: "Lawful unto you are At-Tayyibat (all kind of Halal lawful goods) foods which Allah has made lawful (meat of slaughtered eatable animals, milk products, fats, vegetables and fruits). And those beasts and birds of prey which you have trained as hounds, training and teaching them (to catch) in the manner as directed to you by Allah; so eat of what they catch for you, but pronounce the Name of Allah over it and fear Allah. Verily, Allah is Swift in reckoning."

The natural corollary to this is that trading, for instance, the act of buying and selling for Muslims are restricted only insofar as the subject matter of the trade is permissible or Halal. In relation to food, this mean that a Muslim, as a buyer, should only buy foods which are Halal and on the opposite side of the equation a Muslim, when acting as a vendor/seller, should only sell foods which are also Halal. In this regard, Islam puts a premium on the honesty of the vendor/seller. A tradition (Hadith) of the Prophet Muhammad (pbuh) narrated by Muslim stated that: It is narrated on the authority of Abu Huraira that the Messenger of Allah (pbuh) happened to pass by a heap of eatables (corn). He thrust his hand in that (heap) and his fingers were moistened. He said to the owner of that heap of eatables (corn): What is this? He replied: Messenger of Allah, these have been drenched by rainfall. He (the Holy Prophet) remarked: Why did you not place this (the drenched part of the heap) over other eatables so that the people could see it? He who deceives is not of me (is not my follower).

The Hadith above concern the deceitful practice of vendor of corn which mixed the sub-standard (wet) commodity with that of the good ones. From the above Hadith, one can conclude that if in the trade of Halal commodity itself, the practice of mixing sub-standard commodity with good ones is being scorned upon by the Prophet (pbuh), a priori the deceitful practice of claiming the unlawful (Haram) commodity as the lawful (Halal) one warrants a stronger and sterner reaction. In this regard, misuse of Halal certification and Halal logo is not a matter of fringe importance.

Deterrence Theory (Sub-Set of Domestic Compliance Theory): The industry dishonest action in misusing the Halal certification and logo and why legislation is necessary to curb this practice can be explained through the deterrence theory in particular the logic of consequences or rationalist models or category of the deterrence theory. Under this theory, the industry is a rationale actors which try to maximize profit and thus complying with the law only when compliance is in the Industry best economic interest (cost of non compliance

exceeds cost of compliance). Consequently, violation invariably occurs when the perceived benefits of non compliance exceed the anticipated cost of non compliance.

The earliest works on domestic compliance was done by Gary Becker, who addressed the enforcement of criminal law. Becker's basic insight into the theory is that potential offenders respond to both the double risks of being detected and punished if detected and convicted. Thus, deterrence may be enhanced either by making the penalty more severe, raising the likelihood that the offender will be caught by increasing monitoring activities and revamping the legal rules to increase probability of conviction.

The Becker model of deterrence theory is extended to corporate non-compliance which proposed that there must be a credible likelihood of detecting violations; a fast, certain and appropriate sanctions upon detection and the detection and sanction mechanisms must be perceived by the firm/industry to exist. The role of enforcement agencies under this model is to ensure that penalties and the probability of detection are high enough that it becomes irrational for firms to violate the law.

Having had the discussion above, this study wishes to recognize challenges that the HalJob Programme faces in order to address negotiating interests among Muslim participants throughout the training provided by HalJob in Sarawak, Malaysia.

Theory of Supply and Demand for Halal Foods

Theory of Reasoned Action (TRA): Muslim consumers demand for Halal food and product further can be explained by TRA. According to the TRA, in particular the second postulate of the TRA, attitudes are a function of beliefs. According to the TRA, a person's intention is a function of two basic determinants, one personal in nature and the other reflecting social influence. The personal factor is the individual's positive or negative evaluation of performing the behavior. This factor is termed attitude toward the behavior. Further, according to the theory, attitudes are a function of beliefs. A person who believes that performing the behavior will lead mostly positives outcomes will hold a favorable attitude toward performing the behavior, while a person who believes that performing the behavior will lead to mostly negative outcome will hold unfavorable attitude. The beliefs that underlie a person's attitude toward the behavior are termed behavioral belief i.e. the act of consuming or buying Halal or Non Halal food and product.

Moreover, religion can influence consumer attitude and behavior as well as food purchasing decision and eating habits. In many societies, religion plays one of the most influential roles shaping food choice. This behavior can be reasonably explained by using the TRA. Besides that, TRA has offered two important propositions. Firstly, is to predict purchase behavior, in which it is necessary to measure a person's attitude toward performing that behavior, not just the general attitude toward the object around which the purchasing behavior is. For example, although a person attitude toward Halal products is favorable, yet the person may never buy the Halal product. Secondly, in addition to the attitude toward the behavior, TRA includes a second determinant of overt behavior which is subjective norm.

The Economic Theory: The theory underlies the industries' misuse and abuse of Halal certification and Halal logo. It boils down to the law of supply and demand. Worldwide growth in Islamic populations has spurred demand for Halal foods and created new opportunities for food industry players.

Based on the 2008 statistics, the Halal global market is reported to be worth USD 580 billion. As such, Halal is not only seen from the religious view point but also as an important component in the business world especially with the emerging global Halal market. The high demand for Halal food or product prompted many entrepreneurs either Muslims or non Muslims to apply for the Malaysian Halal certification. However, there is a limitation whereby most of the small scale entrepreneurs may face problem and obstacle in obtaining the Halal certification which be issued by Jabatan Kebajikan Islam Malaysia (JAKIM) and state authority that follow the certain standard. Due to this reason, the industry may decide to take a shortcut because fails to comply with the standard by having a false Halal certification and logo.

Ihram

Haljob Programme: HalJob is established through the center of excellence known as Institute of Halal Research and Management (IHRAM). Located and operationalized under Universiti Sains Islam Malaysia (USIM), it aims at increasing and ensuring the quality of generating of knowledge and services towards making IHRAM as the chosen Centre of Knowledge. It includes the aspects of planning, development, strategic structuring and development, research and services related to sectors of

public, private, community, international agencies, international communities, media, corporate publication, promotion and marketing management

It provides services that grows accordingly with the change of time and is used to face the current challenges that relates to the latest development of the high education institutions as well as current issues. Thus, there is a need in maintaining the continuous and efforts that have been planned for the sake of good and effective image towards becoming a developed university. Efficient, fast, alert and systematic services will enhance the society's trusts towards the university and enhancing the perception of the university's credibility in the national and international level.

For the international society, IHRAM is the main entrance to USIM for Islamic-based activities, especially regarding 'Halal-Haram'. IHRAM also coordinates all strategic plans and actions towards achieving the mission of internationalizing IHRAM. IHRAM intends to become the reference centre that will create links between the scholars and the local and international figures with the university, society, federal government and the public and private agencies or organizations.

Halal Job Opportunities (HalJob): HalJob, or Halal Job, is collaboration among Halal Industry Development Corporation, IHRAM, Global Integrity Products and Services Private Limited and Islamic Department of Sarawak, Malaysia. Among the objectives of the programme are to 1) to educate Muslim youths in becoming skilled workers for Halal industries as their source of income; 2) to provide opportunity of knowledge advancement through the programmes organized by HalJob; 3) to reduce independency of individuals on industries that are increasingly hiring foreign workers; 4) to install the Islamic values ??in the youth in areas of life as a Muslim; and 5) to open the door to upgrade the socio-economy of the youths through Halal Industry.

As far as this research is concerned, HalJob wishes to become the main hub for Malaysia in providing services especially on foods, slaughtering, cosmetics, pharmaceutical and logistics. Not only the services, but with the Islamic approach, Islamic values among Muslim youths should be included in every aspect of life for a greater Muslim community. Having the HalJob programme, the social life could be improvised through the growth of economic that undeniably causing so much social problems. It can be delivered by providing job opportunities through HalJob programme.

Audiences of HalJob: The HalJob is specifically programmed for the recipients of *zakat* that includes poor, orphans, single parents and whoever that is in need of care and helps. It was held on 17th and 18th December 2011. There were 114 participants and 60 of them were interviewed. The interviews were carried out to investigate the perception and the interests in an advanced programme which will be offered in future. The advance level offers more of theoretical and practical exposures.

The Demand of Halal Products: The government is making one step ahead by ensuring enforcements of Halal products among related businesses and services in Malaysia. Halal has become global due to its vast number of Muslim worldwide. The policy makes a regulation of a minimum two Muslim workers as part of the approval for Halal label application. It creates challenges to the industries due to the specification given in the policy. In turn, most of the industries employ foreign workers which among others because of low salary. Since there is a space for job opportunities, HalJob organized a programme that offers trainings among Muslim youth communities.

Challenges in Haljob Programme: This study wishes to identify challenges faced by HalJob programme that was held from 17th to 18th December 2011. The cooperation was remarkably surprising in terms of number of participants. According to the programme, several challenges are identified following number of difficulties which are 1) coordination among the collaboration and the state level. The state should be clear of the need for Halal products and how this Halal product is actually opening up to more opportunities among Muslim youths particularly in Sarawak, Malaysia; 2) funding is crucial in order to ensure efficiencies and practicability and sustainability of the programme. Not only for the accommodation, but providing trainings may be costly on terms of expertise and time consuming. Since it intends to go for Malaysia level, places and distance should be highly considered; 3) the audiences that attended were from the different level of education, therefore the training models need to be adapted and enhanced to make it balance. Since it intends to go for Malaysia level, places and distance should be highly considered; and 4) syllabus of courses needs to be continuously revised since the programme focuses on youths whom education levels are various and thus requires logical syllabus that is suitable for every level of audiences.

CONCLUSION

It can be concluded that programme of HalJob should be highly alert with the changes in demands and requirements of Halal products. It is essential to ensure qualification of the trainees fully meet the requirement outlined by the government. On one hand, this programme is time consuming in terms of training. On the other hand, it provides a space and opportunity in helping marginalized group of the recipients of *zakat*. In future, analysis should be furthered to examine the success and effectiveness of the programme using the Islamic approach in negotiating interests among Muslim youths specifically and Malaysian in general.

REFERENCES

1. Taylor, G., 1999. *Managing Conflict*. London: Directory of Social Change.
2. Churchman, David, 1995. *Negotiation: Process, Tactics and Theory*. Boston: University Press of America.
3. Bush, R. and J. Folger, 1994. *The Promise of Mediation: Responding to Conflict Through Empowerment and Recognition*. San Francisco: Jossey-Bass.
4. Pruitt, D.G. and P.J. Carnevale, 1993. *Negotiation in Social Conflict*. Buckingham, United Kingdom: Open University Press.
5. Markiewicz, A., 2005. A balancing act : Resolving multiple stakeholder interests in program evaluation. *Evaluation Journal of Australasia*, 4(1 and 2): 13-21.
6. Putnam, L.L., 1994. Challenging the Assumptions of Traditional Approaches to Negotiation. *Negotiation Journal*, 10(4): 337-346.
7. Patton, M.Q., 1997. *Utilization-focused Evaluation: The New Century Text*, 3rd edition. Thousand Oaks, California: Sage Publication.
8. Wahbah al-Zuhaili, 2003. Negotiation in Islam. *The Process of International Negotiation Project Network Newsletter (PIN Points)*, 21: 1-4.
9. Norhayati Rafida, A.R., 2004. Aplikasi etika komunikasi dalam proses perundingan ke arah penyelesaian konflik menurut perspektif Islam. In the *Asas Kecemerlangan Ummah*, edited by Ali Yakub Matondang, Mohamed Asin Dollah, Muhammad Yusuf Khalid dan Sapora Sipon. 103-114. Kuala Lumpur: Universiti Sains Islam Malaysia. 103 -114.
10. Norhayati Rafida, A.R. and M. Shazleen, 2004. *Introduction to Human Communication*. Kuala Lumpur: Mcgraw-Hill.
11. David, G., 2000. *Jersey Gives Its Blessing to Muslim Dietary Practices*. New Jersey: Star-Ledger.
12. Elizabeth Sabah, *A Raft Of Changes*. Accessed Online on 20th December 2011 at http://www.religionnews.com/arc00/f_0131.html.
13. Mohamed H. Marei, 2011. *A Rising Star? Halal Consumer Protection Laws*. Accessed On-Line on 20th December 2011 at <http://leda.law.harvard.edu/leda/data/375/Marei.html>.
14. Jonathan, A.J. Wilson. and Jonathan Liu, 2010. Shaping the Halal into a brand? *Journal of Islamic Marketing*, 1(2): 107-123.
15. Pazim Othman, Irfan Sungkar and Wan Sabri Wan Hussin, 2009. Malaysia as an International Halal Food Hub: Competitiveness and Potential of Meat-based Industries. *ASEAN Economic Bulletin*, 26(3): 306-320.
16. Joe, M. Regenstein, M. Muhammad Chaudry and Carrie E. Regenstein, 2003. Kosher and Halal in the Biotechnology Era. *Applied Biotechnology, Food Science and Policy*, 1(2): 95-107.
17. Fischer, Johan, 2005. *Feeding Secularism: Consuming Halal among the Malays in London*. *Diaspora: A Journal of Transnational Studies*, 14(2-3): 275-297.
18. Raphie Hayat, Frank A.G. Den Butter and Udo Kock, 2011. Halal certification for financial products: a transaction cost perspective. *Tinbergen Institute Discussion Paper*, 17: 1-3.
19. Bonne, Karijn and Verbeke, Wim, 2007. Religious values informing Halal meat production and the control and delivery of Halal credence quality. *Humanities, Social Sciences and Law, Agriculture and Human Values*, 25(1): 35-47.