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An Exploratory Treatise on Consciousness and Espousal of Halal Supply-Chain: An Indian Perspective

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Abstract

The purpose of this research is to be acquainted with the awareness and approval of halal supply chain among Indian manufacturers and distribution network members for haulage and warehousing activities from the perception of respective service suppliers. A total of 20 respondents, which consist of 10 transportation companies and 10 warehousing companies from the State of Andhra Pradesh in India were selected for the study by using purposive sampling method. The principal focal points of the discussions are on awareness and adoption of halal transportation and warehousing services chosen for the study in the comprehensive halal supply chain. A total of 90 percent and 70 percent of respondents from the transportation and warehousing companies respectively agreed that they know only about the concept of halal but do not have any exposure and ken on the halal supply chain. However, findings of this research won't have extensive validity in the market, gaining an enough familiarity with the halal supply chain in the Indian social context is of immense importance. This is a pioneering attempt aimed to investigate the awareness and adoption levels of halal supply chain among Indian businessmen which are precious for supply chain companies to customize their services in the country as well to the world of academia.

Keywords: Halal, Supply chain, Transportation, Warehousing, India.

JEL Classification Code: L91, M10, N75, Z12.

1. Introduction

In the present day's extremely competitive business milieu, companies are always in the quest to find the crucial flourishing strength in the organization to hang around with perfect full-fledged competitiveness in every possible facet. For that reason, supply-chain is an activity which can be considered by almost all companies in every kind of industry, from the core to services. In the last two to three decades, radical changes have taken place in the supply-chain system with the introduction of technology. Modern day's

business people have always attempted to trim down various preventable costs in every area of their business as a most crucial way to proliferate their firm's profitability.

According to Qur'an's Chapter 2:168 Al-Baqarah, "Almighty issued a clear guideline especially to Muslims and even to all, to obtain only permitted things and said absolutely, that people should eat only lawful or good food available on earth by not following the footsteps of evil". Halal means "permissible" or "allowed" which encompasses all that is permissible to be consumed by Muslims, according to Shariah, i.e. Islamic law. The Muslim community should use only permitted things, food or actions as per Qur'an, which is garnered through the Halal supply chain services. A competent strategic thinking with the ideal administration, even in supply chain activities, categorically proffers all kinds of fruitful benefits to manufacturers as well as to network members in any business. The increasing trend of population in general and the Muslim population in particular, as well as the awareness about halal products in India, leads to the tremendous potential for halal based activity.

Researchers like Christopher (1988), Van Amstel and Van Goor (2001), Van Assen, Amstel, and De Vaan (2010) and Tieman, Jack, Vorst, and Ghazali (2012) emphasized that

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halal manufacturers require an aggressive supply chain approach in line with the Shariah which will be a perfect value addition to acquiring a dominant competitive advantage in a highly competitive market. The popularity of halal products are almost abysmal in India but almost cent percent of Muslims have a confident intention to know more about halal beyond their present ken which is simply the prayer offering before and during slaughtering of animals for food.

In the present situation, the general propensity towards halal products or services is not exclusively meant for Muslims. Non-Muslims were also found to prefer halal products or services in different parts of the globe. This was proven by the researchers like Abdul Talib, Mohd Ali and Jamaludin (2008) and Belkhatir, Bala, and Belkhatir (2009) which mentioned that halal orientation is not at all sighted as exclusively related to Shariah i.e., Islamic law and a majority of non-Muslims are also intensively on track to purchase halal products and services with a view that the products are fresher, more hygienic and delicious. The enhancing trend of demand for halal products and the indomitable intention of Indian Muslims to follow Shariah provides an unquestionably great satisfaction to halal compliance, as well as to obtain the most hygienic and quality products. In addition, notable researcher, Tieman (2011) stated that consistency in maintaining halal integrity throughout the supply chain is the prime responsibility of manufacturers.

Based on the importance of research on the halal supply chain, Jaafar, Endut, Faisol, and Omar (2011) stressed on the need to introduce halal supply chain services by logistic firms to meet the demand from halal manufacturers around the world. Researchers in this study have a tendency to prefer halal service providers as an alternative to halal manufacturers for this research. Accordingly, this study was initiated with a purpose to investigate the awareness and espousal of halal supply chain among Indian manufacturers and network members for haulage and warehousing from the point of view of supply chain firms.

2. Literature Review

Halal is an Arabic word derived from the verb *Hala* which bears the meaning of “opening a node, unwind, unscrew, unravel, untangle, disentangle, disengage, or resolving something”. As mentioned by researchers such as Al-Jallad (2008), Malboobi and Malboobi (2010), and Latif (2011), halal in Islamic term means, “things, food, or actions permitted by God’s will or instruction, clean, pure, and opposed to haram”. Mohamad, Badrudin, Sharifuddin, Rezai, and Abdullah (2012) elaborated the meaning of halal by stressing on how a Muslim or a person leads his/her life

and said that it is not only restrained to the nature and kinds of food that a Muslim is permitted to use. Whether it is a normal supply chain or a halal supply chain, it has to flawlessly synchronize the activities of suppliers, manufacturers, storage and warehouses which are all meant to deliver the expected level of value with the right quantities and distributed to the right location at the right time which is a perfect competitive advantage to any firm. The prime responsibility of supply chain is to minimize diverse costs involved in the procurement of raw materials, storing and processing, and delivery of final products to the final consumer.

Manzouri, Rahman, and Arshad (2011) stated that the conventional supply chain concentrated on a sequence of procedure in which raw materials are transformed into finished products, then distributed to the final consumers but halal supply chain concerted on the assimilation of business process and actions from the position of source to the point of utilization as per Islamic law is known as Shariah (Omar & Jaafar, 2011). Tieman (2011) said that only halal supply chains can protect the products from contamination because of the precautionary measures they have taken in transportation, packaging, product handling, and human resources. The principal focus of traditional supply chain is on cost minimization, whereas halal supply chain ponders over halalness of the halal product. The activities of both categories of the supply chains are akin but working with different objectives. The snowballing trend of consumption patterns of Indian Muslims on halal products demonstrates the method to halal services. Hence, espousal of the halal supply chain will be the most crucial reliant variable for this exploratory study.

The confident delivery of halal oriented products could be possible only through a flawless halal supply chain. Bahrudin, Illyas, and Desa (2011) stated that it is imperative for the manufacturers to uphold the halal reliability all through the supply chain as a fundamental endeavor to prevent consumer fraud regarding the halal quality of the products. Present consumers are greatly concerned with all the activities of a manufacturer right from the procurement of all the input factors to manufacturing process, technology used, supply chain activities, corporate social responsibility (CSR) implementation, promotional programs etc., because of which almost all the manufacturers in every segment are cautious in every bit of the design of their activity. There is no exception to manufacturers of halal products and services.

Designing and introduction of supply chain services with halal orientation should be the crucial obligation of the manufacturers. Even though the present halal principles control food making, groundwork, treatment and storage, all these do not ensure that the products are halal at the point

of consumption if the manufacturers do not apply halal supply chain throughout the delivery process (Tieman, 2006). Though India is the second largest market and also the second largest Muslim populated country in the world, there is no confidence in the adoption and awareness about halal products from the Islamic community. Even the academic research on halal is almost negligible in India, either it may be about perceptions and consciousness towards halal or supply chain services. Just like traditional supply chain, halal supply chain entails activities like transportation, warehousing, sourcing, and product handling; but the decisive facets like haulage and warehousing shows its mark in protecting the halalness of products.

As mentioned by Talib, Rubin, and Zhengyi (2013), halal transportation plays a critical role where there is a possibility of cross-contamination between halal and non-halal products. As mentioned by Tieman (2011), extensive research has to be taken up by the academia in this discipline and Islam has to proffer more concrete discourses to Muslims for consuming only halal goods (Al-Qaradawi, 2007). The susceptibility of halal supply chains (Bonne & Verbeke, 2008; Zailani, Ariffin, Abd Wahid, Othman, & Fernando, 2010), the magnitude and potentiality of halal market (Alam & Sayuti, 2011) pressurized businessmen to stretch its product line with halal orientation to win the hearts of Muslim customers (Tieman, 2013). The Muslim community has been acknowledged as an unexploited and feasible market which eventually roots from their mounting demographics and success of Muslim entrepreneurs in due course, connecting this segment with evident purchasing power (Sandikci, 2011). The significant portion of the Muslim population in India with a 24 percent growth rate in the last decade has made India a major potential market for Islamic marketing in general and halal products and services in particular.

As per the latest census in the year 2011, the Muslim population has increased from 13.4 percent in 2001 to 14.2 percent with a notable increase of population in some border states. In between 2001 to 2011, the Muslim population in India increased from 138 million to 171.8 million with a percentage of 24.4 (Ghosh & Singh, 2015). Even though Muslims are less in number as compared to Hindus, India is going to be one of the largest Muslim populated country in the world (Pew Research Center, 2012) and third largest Muslim populated country by 2030 after Indonesia and Pakistan with a stunning 236.2 million (Mohammed, 2013). This increasing trend of Islamic populace around the globe in general and India in particular definitely is an enormous business opportunity for the corporate sector which is planning to enter the market with halal oriented products and services because of proliferating tendency of consciousness and acceptance of halalness.

3. Research Methodology

The researchers initiated this research with a view to exploring the awareness and espousal levels of halal oriented logistic services provided by Indian companies. Through this study, researchers evidently observed that this exploratory study is the first gallant effort in India where awareness and adoption levels of halal products and services are very negligible. This is because there is no availability of sufficient information regarding halal or halal oriented services and the culture spread among Indian Muslims that conveyed specific information about their activities, interests, opinions, values, traditions, taboos and other social relations. As a result, researchers thought that qualitative method is necessary for the study, where data is garnered by conducting a sequence of personal interviews and through small focus groups (Sekaran & Bougie, 2009). In view of the fact that this concept is an absolutely novel-fangled approach to India without any such service providers to get a better understanding of the chosen subject matter for research. Even though findings of this study in terms of external validity are limited, gaining a rich and complex understanding of the halal supply chain in the Indian social context is of great significance.

The researchers have selected a purposive sample of 10 transportation companies and 10 warehousing companies on the basis of hypothetical dissemination of the research problem under consideration. Two researchers carried out semi-structured personal discussions with both higher and middle-level executives who have a competent ken and rich experience in this field from the two chosen classes of respondents who were spread-out in the coastal districts of Andhra Pradesh. The prime focus of the interviews and discussions are on awareness and adoption of halal and halal services chosen for the study. As planned by Hannabuss (1996), two researchers concentrated on recording and transcribing the outcome of the interviews with the two types of respondents. As mentioned by De Ruyter (1996) and Sekaran and Bougie (2009), the researchers planned and succeeded to garner data through small focus group interviews which are a perfect method for innovating a novel idea with highly lucrative, transparent and meaningful discussion. Moreover, both researchers and respondents were involved in through reciprocal, impulsive discussions with all the intra and intergroup members (Walden, 2006; Sekaran & Bougie, 2009) which extract constructive input for the chosen topic. Focus groups framed for the discussion consists of around five respondents who are highly experienced in the chosen fields of the study.

Two of the researchers conducted the focus group work. One acted as a moderator of the discussion and the other

as the note taker to garner the data relating to awareness and espousal of halal and halal services. The moderator-initiated discussion by raising both close-ended and open-ended questions. As said by Sekaran and Bougie (2009), one of the researchers acted as a moderator and took the responsibility for discussion by initiating the research topic, raising questions, controlling arguments, along with careful observation of proceedings of the discussion. The second researcher (note-taker) took detailed notes of these discussions. The core theme for the focus group is the halal supply chain services, which is further divided into four sub-themes viz., respondents' background, awareness levels about halal, espousal of halal services, perceptions of respondents to know more about the investigative topic. As noted by Miles and Huberman (1994), researchers should very cautiously note down the outcome of all the conversations and views expressed by all the members in the focus group. The collected information is then put on paper in an organized way and analyzed based on which the final conclusions are framed as mentioned in the next part of this study.

4. Results and Findings

4.1. Consciousness of Supply Chain Service Providers

Astonishingly, almost all the supply chain service providers hired by the Indian manufacturers are totally unaware about the halal and halal supply chain services. The majority of the service providers stated that halal means only prayer offerings before and during slaughtering of animals for food. Of the selected respondents, 90 percent of the respondents from transportation companies and 70 percent of the warehousing companies stated that they are aware of halal concept only but not halal supply chain. Even though the respondents are in the same business for the past two to three decades, they are ignorant of the halal concept in the domain of transportation and warehousing.

4.2 Espousal of Halal Supply Chain

When researchers questioned the selected respondents about the espousal rate, almost all expressed their lack of knowledge straight away and said that they have never heard about halal supply chain. They said that halal is related only to food products and not at all concerned with transportation and warehousing. Every respondent accepted that most of their customers simply asked for transport and warehousing services but never demanded halal backdrop

services. Thus, the need for either halal or halal supply chain service was never felt. Further, respondents also expressed their opinion out rightly about the background of their customers who are mostly non-Muslims. Surprisingly, even Muslim manufacturers hired to transport and warehousing companies that are also proffering non-halal services even to Muslim customers. Presently, there is no enactment either from the government or any stress from Islamic community that enforces the introduction of halal products and services. Some of the supply chain service providers thought that adopting halal supply chain in India has severe obstacles like the lack of awareness and understanding about halal, lack of pressure from competitors and consumers, as well as non-accessibility of halal products and services.

4.3. Intentions to Know about Halal Supply Chain Services

Whatever may be the reason, it is evident that the overwhelming majority of transport and warehousing companies have an indomitable intention to know more about halal and halal supply chain, keeping in mind the future potential of the market along with forecasting of demands from the market. In the focus group interactions, the majority of the service providers reiterated that customization of their services to the Muslim community definitely enhances their firm's profit picture for which it is an imperative situation to learn about halal supply chain services. If such service providers know concretely about halal supply chain, it will be an added competitive advantage to the firm which in turn, is a lucrative business opportunity.

5. Practical Implication

This research proffers most worthy and resourceful information to the sectors which are involved in food, clothing, pharmaceuticals, cosmetics, and supply chain services etc. Islamic formal educational institutions along with religious organizations have to take an initiative to popularize Islam in general and halal concept in particular. It is an inspired decision to target this lucrative segment which provides alluring profitability particularly food, cosmetics, medicines etc., with halal-certified products because of the increasing trend of the Muslim population in India from the present to wooing around 236 million by 2030. Uniquely, Islamic religious organizations have a colossal responsibility to improve the conceptual knowledge of the community on matters related to their lifestyle, particularly about halal and

haram. These religious institutions have to come up with a suitable curriculum based on the cohesiveness of the community. As a final point, the extensive popularization of the Islamic religion requires extra attention from the religious groups and educational institutions from the primary to university level along with the introduction of halal excellence centers in different parts of the country.

6. Conclusion and Suggestions for Future Study

Halal and halal supply chain are two novel concepts in a country like India, which increases the lifespan of people by using only permitted halal products and services as per Shariah, the Islamic law. The trend of using exclusively halal based things, food and actions proffer enormous business opportunity to manufacturers and service providers on one side, and on another side, it gives greater satisfaction in following Islamic principles with a stringent manner. The present escalating trend observed towards halal and frequently highlighted in different media is the rising usage of halal products and services in non-Muslim communities, which means that products with this nature are healthier and

more hygienic than others. Even though Indians do not have a proper understanding about halal and the adoption level is almost minute, this will be a market with mammoth potential for halal products because of the increasing trend of Muslim population and their attitude towards halal products and services. The focus group's semi-structured interviews confirmed that the apparent benefits only encourage consumers for adoption. This investigative study attempts to garner awareness and espousal of halal supply chain services provided or hired by the Indian manufacturers with a minimum sample which has a greater scope for further research with a more significant sample size focusing on Muslim dominated areas from other parts of the country.

In this context, the following hypotheses generated from the present study are worthy of investigation:

1. The awareness of halal supply chain practices are extremely low, both among Muslim and non-Muslim stakeholders in India;
2. There is a strong intention among the various stakeholders to have knowledge and usage of halal products in India; and
3. There is a vast scope for marketing of halal products by adopting halal supply chain practices in India.

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