

Halal Logistics: Halal Integrity and Legal Enforcement Challenges

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Abstract— This is a review paper on the topic of halal logistic in relation to halal integrity and legal enforcement challenges. With the increased potential on halal logistic in the global and local market, there is a need towards maintaining and upholding the halal integrity of the business. This study shall focus on discovering the challenges on halal logistic industry and finding the means of improving the situation which causing a lot of concern. Moreover, the country must not miss out on this opportunities of maximizing the lucrative business in halal logistic to have a better economic and social upgrade as with this opportunity, there is a possibility of raising the standard of living of the local population with the creation of job employment in the halal logistic market. This study is based on the previous literature reviews and local halal forums/talks. The idea of this research study is to seek scholastic understanding of challenges of halal integrity in the logistic sector. This is an opportunity for the authors to contribute to the knowledge on halal logistic specifically on the better understanding of local halal legal enforcement issues by referring to the current reported news. Hence, emphasis on the problems faced by local authorities in enforcing the legal system to protect the halal logistic integrity.

Keywords — *halal logistic, halal integrity & legal*

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1. Introduction

Halal logistic and halal supply chain is very important in the halal market. One cannot do without the other otherwise the chain of protecting the halal principle will break leading to cross-contamination and doubtful situation.

It is not a surprise for the demand to comes from the growing number of the Muslim population but studies have shown that the non-Muslim are interested for the same halal product and services. Reason being for it is known to be safe, one of a quality; there are element of care and kindness towards the treatment of the animal or poultry [1], [2], [3] & [4].

As such, in order to ensure that the country is going to be successful entrepreneur of halal logistic market is by taking care of the halal integrity in the halal logistic industry via legal enforcement. Failing which, the halal logistic industry will only have bad reputation and will lead to distrust among the supply chain operators and loss of faith by the consumer [5].

As such, this research is very important to the halal logistic industry. Due to the fact that the information was gathered recently from the local halal forum talk represented by the government, non-governmental bodies, small medium enterprises, private companies presenting their facts

and statistics to support their presentation. With this information, this is a chance for the development of new ideas to stimulate better understanding and application of the local standards, guidelines and law in the protection of the halal integrity within the logistic field. Furthermore, this is also an opportunity for the research to open new ideas in the future to enhance the scope of legal enforcement on the halal logistic field. Hopefully it will lead to a positive reinforcement by the local authorities to encourage logistic companies to perform better in their application of the standard despite the fact that it is self-regulatory in nature in order to benefit from this lucrative halal business.

2. Methodology

The authors refer to secondary data from previous published literature and information from forum/talks on halal in supporting their line of discussion.

3. Literature Review

Halal Logistic represent the logistic industries from the Syariah law perspective. In order to understand this, first the researchers will define the scope of halal.

Halal is all things permissible as opposed to haram or non-permissible. These principles are derived from the Quran and supported by the saying of the Prophet Muhammad (pbuh) which is also known as hadith.

In the verse 173 the second chapter of the Quran, surah Al Baqarah, God has stated that *“He has only forbidden you dead meat, and blood, and the flesh of swine, and that (any food, meat or not) which has been dedicated to other than Allah. But if one is forced by necessity, without wilful disobedience, or transgressing due limits; then is he guiltless. For Allah is Oft-forgiving Most Merciful.”*

From the verse above, the categories of halal exclude dead animal, consumption of blood and pork or sacrifices by idolaters. However, under extenuating circumstances, out of necessity example famine, the Quran make it an exception.

This verse in the Quran is further explained and supported by the Hadith of the Holy Prophet Muhammad (SAW). The Messenger of Allah said: *“Verily Allah has prescribed proficiency in all things. Thus, if you kill, kill well; and if you slaughter, slaughter well. Let each one of you sharpen his blade and let him spare suffering to the animal he slaughters”* which was narrated on the authority of Abu Ya’la Shahddad ibn Aus (Hadith No.17 of Imam Nawawi by Sahih Muslim, the Forty Hadith). The Prophet (pbuh) has clarified the principle of halal in relation to all aspects of life. From living, business, financial matters, societal relationship not merely in dealing with the likes of foods.

So now, the concept of halal logistic should be explained. It is part of the supply chain whereby the logistic activities involve warehousing and storage, transportation process, handling and packaging. At the same time, during all these process, the crucial point of documentation must be in place. This is to support various products varies according to its sizes, weight and volumes as well as the quality and safety [6]. Meanwhile [7] explained that in third party logistic activities, an efficient 3PL comprise of sending products from point A to Point B which is transportation, storage and warehousing, purchasing or procurement, customs brokerage, order processing and retail or customer service. Documentation here will be part of the logistic activities process but the documentation will depend on the countries they are working in. Some of the related procedures are approval of import or exports, tariff, duty, tax and fumigation.

The authors in [8] explained that Halal Integrity is to be closed related the supply chain activities. Nowday, the consumers are demanding explanation on not only the ingredients of the products but also the packaging, handling and they will also inquire of the transportation process is in compliance with the Syariah Law or halal standard [9], [10] and [11]. The consumer for halal products and services are willing to pay more for the halal products to avoid matter of doubtfulness plus to ensure the services does not renders the products in contamination.

This is true because even though a product is made from all fresh and safe halal ingredients, but cross-contamination may occur during transportation, or during packaging or from the environment it is

stored. Therefore, it is very important that the logistic activities adhere clearly to the halal standards to avoid the issue of doubtfulness and even worst cross-contamination [12]. With this, the manufacturer, the logistician, the consumers have faith in the Halal integrity of the product and services supplied. The chain of delivery is important to ensure that non-halal items do not mix with the halal items. Recent news at the Star online dated July 2017 entitled "Revoke Meat company's permit if it broke the law", the cross-contamination of imported halal meats from overseas were highlighted in the local news. The Malaysian Quarantine and Inspection Services Department discovered boxes of lamb and pork stored in the same frozen container. These items were shipped from Spain and the discovery were conducted at Port of Tanjung Pelepas. As a consequence, and unfortunately, the nature of halal integrity does not warrant for these products to be stored together as it might cause cross-contamination or doubtfulness. This is the reason that [12] point out for all halal licensed company to ensure that the whole point of supply chain must observed the Halal Standard as imposed by the government.

4. Discussion

4.1 Halal Integrity

During the National Halal Business Forum at Kuala Terengganu on the 23rd & 24th October 2017, with the theme for the forum being 'Overview of Halal Global Integrity Challenges & Opportunities'. Presentation were made by several government bodies, government link corporation and participants from the local and international universities.

One of the definition of Halal Integrity were separated from the meaning of integrity as in common, the quality of being honest and strong moral principles. In relation to halal industry from the Syariah view point, it elaborated on the concept of servitude that are firstly Islam which mean submission, secondly iman which is faith and finally ihsan which is the high quality of character. If this is the concept held true by the halal logistic license holder than the halal integrity remains intact and uncompromised. [13] further acknowledged that there are too many complex and process in the supply chain system and this prove to be a challenge for the operator to ensure non-compromise between halal and non-halal products.

Eventually, if the Syariah compliance via standards and guidelines is practise daily by all related parties handling the warehousing, the packaging and the transport, it will be consisting with the halal lifestyle, it will be an ecosystem on its own. In the National Halal Business Forum, it was further elaborated that ihsan happens when the manufacturer applies for the halal logistic certificate in order to satisfy the demand from the purchaser. Here in Malaysia, there is no mandatory requirement for logistic company to apply for halal certification. Nevertheless, due to the high demand for halal food and services from both Muslim and non-Muslim consumer, showing high quality character of group of people requesting for quality, safe and humane treatment of animal for their personal consumption. Now, this is the part that it reflected the integrity of the halal industry.

According to Halal Development Centre during the forum, Malaysia is the center of halal industry because of the following reasons: the halal business is known for its good quality, health-wise products, hygienic and safe for consumption. It was such a success that other countries try to adopt the same approach of having halal business to enjoy the lucrative business. It was also explained that initially in Malaysia it was local business selling halal products but due to the high success rate and even higher demand from the market, there is a paradigm shift from just producing halal product to a mass marketing of halal product, which eventually lead to the high demand of halal logistic demand to ensure the integrity of the product and service are in line with the Syariah principle.

4.2 Challenges in Halal Logistic:

Furthermore, the industry of halal logistic in particular is getting even more complex. This rang true due to the long process of the supply chain and logistic plays an important role here.

In order to ensure that there is no break in the chain of logistic, issues on warehousing, distribution, handling and packaging and retailing must be done carefully, consistent with the halal standards.

In the recent newspaper article, it was reported that there were possibility of cross-contamination of halal and non-halal meat though boxed separately were found to be in one frozen container. This is a

prime example of how cross-contamination may occur. Despite the existence of the standards and the law, it is proven to be difficult and challenging for the enforcement of law to take its place when the matter is mostly self-regulatory by the licensed holder [14].

Though all parties try to ensure that there is no contamination, the complex system calls for a close monitoring of the supply chain otherwise, the possibility of subahah or doubtfulness may occur.

4.3 Challenges in the legal enforcement of halal logistic in order to maintain halal integrity from the perspective of State Religious Authority.

State Religious Authority or Majlis Agama Negeri is also legal enforcement authority in Malaysia, the following are few challenges in the legal enforcement of the local authorities in managing the halal logistic industry.

First limiting factor is lack of manpower. Unfortunately for most legal authority, the employee designated to conduct all halal matters are the same employee responsible to perform all other religious matter. Due to this, there were a lot of complaint from the employer and also from customer applying for halal registration, dealing with halal issue, reregistration of certificate that complaints of delay, lack of customer satisfaction, unhappy with customer services [15]. However, as explained by the head of JAKIM Dato Dr' Sirajuddin Suhaimiee, the Director of Halal Hub Division of Department of Islamic Development Malaysian (JAKIM) in the National Halal Business Forum 2017, the process has now, improved. Application of halal certification is faster as there are new categories, which are critical and non-critical. For the critical application, it will take about 7 to 14 working days and for the non-critical, it will take a week for the registration to be processed. This also includes the inspection of premise by the local authorities. On the other hand, if the applicant is a fresh one with no previous issues and has made full registration payment, the registration will be made on the spot.

Second factor is lack of experience and knowledgeable manpower among the religious officers on legal enforcement procedure and process. Most of the employee does not have any

legal education or training on due process of litigation nor investigation procedure [16]. Third reason is the many duties imposed on the very few officers at hand. The same officers are responsible for registration process, reregistration process, complaint procedure by customer, investigation of halal logistic companies or any other halal matter, report writing, meetings, daily administrative duties, halal disciplinary meetings, promotions of halal products among others. This matter causes them to unable to build up their time and focus on specialising on halal related cases. There is previous literature on providing training and educating the industries in order to increase the manpower of those who practice in the halal industry. But there are no studies on the importance of raising the number of local government servant in the religious body despite the fact that they are also responsible to ensure the success legal enforcement of the halal industry. Forth factor is the insufficient courses on legal studies for the employee to attend. This result with even more lack of knowledge and difficulty of conducting legal enforcement by its officers.

Consequently, the fact that there is lack of training on process of legal enforcement also contributed to this matter. Without the knowledge and training, the officers will only be able to get these via hand on experience which opportunity does not comes every time they are free from their other duties. These training should be able to provide them with the know-how of investigating process, citation of offences, submission of legal report, writing of report, matters in relation to court jurisdiction and the due process of civil or Syariah litigation as all of these are the responsibility of different department altogether.

Based on the above explanation, it reflects that the tasks taken by the religious authority is not a minor one. It requires proper training and education on handling of halal cases. As such, in order to be experienced in legal enforcement of halal logistic cases, there need to be the following: firstly designated employee to hand halal logistic legal enforcement cases, secondly, the government or the religious body must provide training or seminar or workshop for the said employee. This is vital for them to get the relevant knowledge and to practice the enforcement process in order to get the necessary experience.

4.4 Challenges in the legal enforcement of halal logistic in order to maintain halal integrity from the perspective of Halal Logistic Operator.

Moreover, the legal enforcement is considered a troublesome action from the point of view of the local halal logistic operator. Since it is done by way the spot-check conducted by the local authority. In the company's point of view, such inspection disturbs the daily operation of the logistic activity which will lead to waste of time and eventually productivity.

This matter has been discussed in much previous literature as one of the obstacle faced by halal logistic operator. By nature of the operation, it requires the movement of the vehicles, movement of goods from warehouse to container, vice versa which must be stopped to let the investigation officers conduct their duties and responsibilities. This stoppage actually causes disruption in their operation [17].

5. Findings /Conclusion

In conclusion, it can be seen here that there are challenges and opportunities in the world of halal industry especially in halal logistic field. Due to the overview of global demand from both Muslim and Non-Muslim for halal food, especially from China and India, therefore the need for halal logistic industry will be staying for some time.

Halal logistic is serving the food markets in term of food manufacturer, food service industry, meat & poultry food products retailing thus the main part of ensuring the integrity of the Syariah principles is very important.

It is also important to note that the logistic industry will not only serve the halal food market but also the following sectors: consumer goods, research & development, medication, pharmaceutical health & personal care, Muslim friendly halal lifestyle and training activities.

Be it in the future or current period of time, the usage of the governing law must be properly enforced so that there is no delay in prosecuting the violator of the local law regarding halal be it in the civil nor the Syariah court's integrity of the halal logistic services is compromise and result with

either cross-contamination or the doubtful event of the product or services [18]. Thus, it is very crucial for all parties in the logistics industry, the enforcing parties, the consumers too to work together in maintaining the sanctity of this wholesome business for the benefit of all parties. Eventually, the business that practice halal logistic shall include the system of halal throughout the whole aspect of business such as financially, potential client not involved in haram or non-halal transaction example alcoholic drinks. It will also carefully cater to the Syariah principle for all its services whether the requirement is for halal logistic or conventional logistic as the company will be able to see the betterment of the Syariah principle in practice during the logistic operation. Evident of this is the consumer demanding more halal goods and services, without prejudice to the religion of the consumer in the first place! The reason being here is again, halal logistic business lead to the firm understanding and faith that despite the higher costs, it comes with a better product, safe, high quality and kind treatment of its livestock's.

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