

IMPLEMENTATION OF HALAL LOGISTICS SERVICES FROM THE PERSPECTIVE OF LOGISTICS SERVICE PROVIDERS IN MALAYSIA: ISSUES AND CHALLENGES



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EXECUTIVE SUMMARY

Halal is not restricted to Muslims only nowadays but non-Muslims also have choose the halal products. From there the demand for halal products and services are growth rapidly but in term of halal logistics, there are only a few logistics companies providing halal logistics services. It shows that there are something wrong with the implementation of halal logistics services. This research paper will determine the issues and challenges in implementing halal logistics; furthermore operators which provide halal logistics can share the issues and challenges and also try to share on how to overcome all of the issues in implementing halal logistics. In this research, data will be collected in two ways. The first one is by using quantitative and secondly is by using qualitative methods. The method of combining the qualitative and quantitative also known as triangulation or mixed method. Primary and secondary data will be used as the primary comes from questionnaire and interview while the secondary data comes from journal, article and internet. Results obtained from the findings show that industry player are aware with the level of knowledge, needs of skills and training and also support from the government. But the main problems stated by them is they are not satisfied with how authorities playing their role in the implementation of halal logistics. Beside that we can see how companies respond to the process in getting the halal status. There are also several recommendations come from the logistics companies on how to overcome issues in implementing halal logistics services.

Keywords: halal logistics, issues, triangulation, mixed method, muslims

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LIST OF ABBREVIATION

3PL	Third Party Logistics
JAKIM	Jabatan Kemajuan Islam Malaysia
HDC	Halal Development Corporation
MS	Malaysian Standard
EPU	Economic Planning Unit
MITRANS	Malaysian Institute of Transport

CHAPTER ONE

INTRODUCTION

1.0 INTRODUCTION

Halal logistics is basically the process of managing the procurement, movement, storage, and handling of materials, part of livestock and (semi) finished inventory both food and non-food (and related information, and documentation flows) through the organization and the supply chain in compliance with the general principles of shariah law. Malaysia as a modern, progressive and politically stable muslim country, has the opportunity to establish itself as a regional and global hub for halal productions, logistics and trade. So the development regarding the halal logistics, halal product and halal parks have become the national priority. This section will give brief description about the study entitled “ issues and challenges in implementing halal logistics”. This research is conducted in order to ensure the issues and challenges in implementing halal logistics. This research is conducted in order to find any issues and challenges in implementing halal logistics. As the market demand for halal products and services has significantly increased, manufacturers and also operators need to provide more of halal products and also services. Halal market is growing fast and has increase at an estimated of 25% per year according to the Dewan ekonomi 2011. Halal product is becoming a lucrative business among muslim and also non-muslim countries. The demand for halal products and services are very high especially at where the largest populations of muslims are located. There are studies being conducted in the area of food.

1.1 BACKGROUND OF THE STUDY

What is Logistics?

Logistics is the management of the flow of resources between the point of origin and the point of consumption in order to meet some requirements, for example, of customers or corporations. The resources managed in logistics can include physical items, such as food, materials, equipment, liquids and staff as as abstract items, such as time, information, particles and energy. The logistics of physical items usually involve the integration of information flow, material handling, production, packaging, inventory, transportation, warehousing and often security. The complexity of logistics can be modelled, analyzed, visualized and optimized by dedicated simulation software. The minimization of the use of resources is a common motivation.

What is halal and haram?

Based on Al-Quran, halal means lawful or permitted. In reference to the food, it is the dietary standard, as prescribed in the Quran the Muslim scripture. General Quranic guidance dictates that all foods are halal except those that are specifically mentioned as haram (unlawful or prohibited). While haram means not permitted, not allowed or unlawful and illegal. The Al-Quran mentioned;

“ O ye who believe! Eat of the good things where with we have provided you and render thanks to Allah, if it is He whom we worship!”

The unlawful foods which are mentioned in the Al-Quran, are in the following verses;

“ Forbidden unto you (for food) are: carrion and blood and swine flesh and that which hath been dedicated unto any other than Allah and the strangled and the dead through beating, and the dead through falling from height and that hath been killed by the gorging of horns and the devoured of wild beasts saving that which ye make lawful and that which hath been immolated to idols and that ye swear by the divining arrows”

Forbidden to you is anything that dies by itself and blood and pork as well as whatever has been consecrated to something besides Allah and whatever has been strangled, beaten to death, trapped in a pit, gored and what some beast of prey has begun to eat, unless you give it the final blow; and what has been slaughtered before some idol or what you divide up in a raffle; (all) that is immoral!...2”

In determining the halal and haram status of foodstuffs and other material, Islam has laid general guidelines on this matter, which are:

- 1) All raw materials and ingredients used must be halal.
- 2) All of the halal animals must be slaughtered according Islamic way.
- 3) All the halal ingredients and material must not be mixed or come in contact with haram materials.

What is halal logistics?

According to MITRANS, halal logistics is basically the process of managing the procurement, movement, storage and handling of materials, part of livestock and (semi) finished inventory both food and non-food (and related information, and documentation flows) through the organization and the supply chain in compliance with the general principles of shariah law.

While Halal Development Corporation (HDC,2010) defined halal logistics as “ The basic principal of halal logistics is to ensure segregation of halal cargo from non-halal cargo. This is to avoid cross contamination and ensure that the logistics system is aligned to the expectations of muslim consumers and so halal integrity is thus protected along the whole supply chain”. The objective of implement halal logistics is to ensure the halal integrity of halal products from the manufacturer to the consumer. The scope of halal logistics covers the halal logistics hub, transportation, route and also the management (ibid). The halal status will only be gain when the concept is fully implemented.

It can be seen that the development of halal industry is becoming more competitive now not only in the ASEAN region but nowadays many country in the world have participated and seriously involved in the halal industry such as USA, France, Nertherlands, China and lots more.

MS 1500:2009

This Malaysian standard provides practical guidance for the food industry on the preparation and handling of halal food (including nutrient supplements) and to