

**UNIVERSITI TEKNOLOGI MARA**

**DEVELOPING A SHARIAH  
GOVERNANCE FRAMEWORK (SGF)  
FOR HALAL LOGISTICS  
INDUSTRY: A COMPARATIVE  
STUDY OF THE SGF IN ISLAMIC  
FINANCE INDUSTRY**

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**MSc**

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## AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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## **ABSTRACT**

Governance is a method that an organization adopts to ensure that components of the organization follow the set rules, regulation, policies and processes. Considering the importance of developing Shariah Governance Framework (SGF) to another sector of Halal industry, this research conceptually seeks to discuss the regulatory framework currently in force with special attention given to the Halal Logistics industry. Reviews of various related documents demonstrate that the loopholes within the governance part. In view of the emergence of the Halal Logistics concept in 2010, the Malaysia standard MS2400:2010 has been published. But, a thorough study of this standard only gives more attention to the aspects of transportation, warehousing and retailing. There is less attention given to address the aspects of Shariah governance. The research attempts to have an overview regarding comparative analysis between Islamic Finance and Halal Logistics industry in term of Shariah Governance Framework. Halal Logistics is a new phenomenon where the Shariah is being applied to the logistics discipline. This growth is quite similar to Islamic banking where a banking system is developed according to the principles of the Shariah. Therefore, in Malaysia, unlike the Islamic Finance industry, there is no proper SGF for other industries especially to the Halal Logistics industry. This is an exploratory study with a series of face to face interviews were conducted with two different industries; Islamic Finance and Halal Logistics industry. The semi-structured interviews were conducted based on one-to-one basis. The ten persons were considered experts in the Islamic Finance and Halal Logistics industry as they were experienced, credible and knowledgeable. The finding showed there are five comparison comprise of regulator, law and regulation, Shariah advisory role, criteria of Shariah Committee (SC) and principles available in both industries. The results also showed that a few components of Shariah Governance Framework in Islamic Finance could be implemented into the Halal Logistics industry but certain modification is needed in order to meet the difference of needs in the respective sectors. Among of the features of SGF in Islamic Finance which is suitable to be implemented into the Halal Logistics industry include the role of SC, principles of SGF (accountability, independence, competency, confidentiality and consistency) as well as Shariah functions (Shariah review, Shariah Audit, Shariah Risk Management and Shariah Research). In this study, the researcher proposed to develop a SGF for Halal Logistics industry and suggested that the current SGF in IFIs could be well adopted as a good model of Shariah governance for SGF in Halal logistics industry. In addition, its significance shall serve as a reference for the public and private agencies. Hence, the implementation of this framework in Halal Logistics industry can enhance the development of the Halal Logistics industry in Malaysia.

**Keyword:** Islamic Finance Industry; Halal Logistics Industry; Shariah Governance Framework

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