

**UNIVERSITI TEKNOLOGI MARA**

**THE FACTORS INFLUENCE  
TRAINING NEEDS FOR HALAL  
LOGISTICS INDUSTRY IN  
MALAYSIA**

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## ABSTRACT

*Halal* product has a huge potential to expand globally. The Islamic community have raised about 2 billion consumers and it is estimated that total expenditure on the logistics operation is 5 to 10 per cent of the total income. Therefore, the logistics companies all over the world are keen to grab this opportunities on massive potential of the *Halal* industries. As a fast expanding business, the *Halal* industry is now estimated for around USD 2.1 trillion. The attention and demand for *Halal* certified services and products continue to rise throughout the world because *Halal* is not only about religious obligations but also concern the powerful market demand forces whereby the demand for *Halal* products keeps on rising and it is not just consumed by the Muslims but also consumed by the non-Muslims all over the world. *Halal* is not only concerned about the way to slaughter animal and food preparation, but also focuses on where the resources and materials of the product come from. *Halal* products can turn to *Haram* at any time through the logistics process and here comes the importance of the training needs in *Halal* industry in Malaysia. The lack of trained workforce in *Halal* industry can cause a sense of doubt of the *Halal* product the market has to offer. Therefore, this thesis intends to achieve the following objectives namely (1) To determine the current state of *Halal* logistics industry in Malaysia (2) To identify the factors influence the training needs in *Halal* logistics (3) To identify the types of institutions and types of training for the *Halal* logistics industry offered in Malaysia (4) To make recommendations and propose measures and action plans to enhance training to meet the needs for the *Halal* logistics industry. This study relies heavily on disclosed and published materials such as logistics firms annual reports, journals, newspapers and business magazines articles, published reports produced by consultants, special studies and reports commissioned by the Malaysian Government. In addition, this study also relies on information provided by the logistics/supply chain users, logistics providers, industry experts and practitioners by way of survey and interviews. The quantitative data provided a sense of how most of the 3PL handled the *Halal* product starting from the first process in the value chain to the end of the process. This provided a general level of 3PL knowledge and awareness towards the *Halal* logistics in order to make sure the *Halalness* of the product.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 INTRODUCTION

Background of the study begins with the explanation of *Halal* industry development globally and locally. Then this chapter narrows down to the training in *Halal* logistics industry. This chapter also present the problem statement of the study conducted. Based on the background and problem statement, several objectives, research questions and significant of the study are developed. Finally this chapter will present the limitation of this study.

### 1.2 BACKGROUND OF THE STUDY

#### 1.2.1 The Importance of Halal Industry

The *Halal* product market has a huge potential globally as the number of Muslim consumers is about two billion people and the cost spent on logistics operations account for five to ten per cent of the total world revenue. It is therefore, no surprise that logistics companies all over the globe are keen to capture this opportunity and enormous potential of the *Halal* industry (Khan, 2009). As a rapidly expanding business, the *Halal* industry has now reached 1.8 billion consumers globally and its estimated value is USD 2.1 trillion. The interest and demand for *Halal* certified services and products continue to rise throughout the world because *Halal* is not just a religious obligation but a powerful market force-whereby the demand for *Halal* food or product keep rising significantly (Halal Industries Group PLC, 2009).

The current *Halal* food market has some estimates as high as \$580 billion (Refer Table 1-1). On the other hand, these estimates are lessened by the fact that a significant portion of the *Halal* market is composed of meats produced and consumed locally (Halal Industries Group PLC, 2009).