

Conceptualizations on the Dimensions for Halal Orientation for Food Manufacturers: A Study in the Context of Malaysia

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Abstract: The Malaysian Prime Minister, Datuk Seri Abdullah Ahmad Badawi has introduced the concept of progressive Islam or Islam Hadhari in his administration for the betterment in the quality of life of the people. As Malaysia is recognized as a modern Islamic country, it has the added advantage of becoming an important base for the production of halal food (food suitable for Muslim consumption). There is a growing global market for halal food which is estimated to be RM 560 billion (US\$ 150 billion) per annum. However, some halal food manufacturers have not complied with the regulations set by the Malaysian authorities even though they have been certified with the halal logo from JAKIM. The commotion pertaining to this issue has been immense whereby the Muslim consumers in Malaysia have begun to question the effectiveness of current halal orientation adopted by Malaysia's businesses.

Key words: Halal orientation, conceptual paper, halal food, food manufactures, Islamic country, Malaysia

INTRODUCTION

The current world Muslim population is estimated to be around 1.8 billion. The Muslims adhere to strict dietary laws whereby the consumption of food is subject to the observance of preparations and procedures as specified by the holy Quran. Halal (حلال, *halāl*, *halaal*) is an Arabic term meaning permissible. In the English language, it most frequently refers to food that is permissible to be consumed according to Islamic laws. In the Arabic language, it refers to anything that is permissible under Islam. For a food or drink product to be approved for Muslim consumption it must conform to the Islamic dietary laws as specified in the Holy Quran or the Hadith and Sunnah. Due to advancements in food technology and distribution, Muslims today are more exposed to various ingredients and manufactured foods. A clear division of halal or haram food products is not always possible because of the ambiguities in their production. Hence more information is needed to categorize them as Halal or haram. These products can become halal if the raw materials are halal and the process adheres to the Islamic requirements.

The finished food products made from halal animals are no longer halal if they have been contaminated by haram products. Therefore, the Muslim community needs to know whether the additives, ingredients or finished foods contain any haram substances. Different religions have different specifications on the food that their followers are allowed to consume. Islamic food practices

are vital because of the strong connection with the well-being of the believers. The concept of Halal in Islam has very specific motives:

- To preserve the purity of religion
- To safeguard the Islamic mentality
- To preserve life
- To safeguard property
- To safeguard future generations
- To maintain self-respect and integrity

Table 1 shows the percentage of Muslim population by continents in the year of 2006. Southeast Asia alone has over 250 million Muslim Halal consumers. Malaysia, Indonesia, Singapore and many other countries in the region have government mandates to import Halal-certified products only. In these countries, halal is considered as a symbol of quality and wholesomeness not only by Muslims but also by non-Muslims (Riaz and Chaudry, 2004). Based on the estimated expenditure per capita for food of US\$ 0.85 (RM 3.23) a day, it is estimated that the market for halal products is US\$560 billion

Table 1: World muslim population in 2006 (http://www.islamicpopulation.com/world_islam.html)

Continent	Total population (million)	Muslim population (million)	Muslim percentage
Africa	923.20	442.80	47.97
Asia	3970.50	1060.65	26.71
Europe	731.70	50.70	6.93
North America	331.70	7.13	2.15
South America	566.05	3.08	0.54
Oceania	33.54	0.60	1.79
Total	6313.78	1565.28	24.79

Table 2: Value of total food exports by selected country of destinations

Country of destination	1998-99	1999-00	2000-01	2001-02
Bangladesh	214	226	220	188
Egypt	208	259	297	241
Indonesia	608	673	1008	1155
Malaysia	845	801	997	1069
Saudi Arabia	312	389	433	787
UAE	180	168	221	236
Total selected countries	2,367	2,516	3,176	3,676

Wiggins Price and Associates in 2003

(RM 2.12 trillion) a year (Ariff, 2004). In Malaysia, 60% of the population is Muslims and if one were to estimate the per capita expenditure for food as RM1 a day, then the demand for halal products is more than RM 5 billion a year. The impact towards economy at this instant is no longer in the Muslim countries but countries around the world where there are Muslim presences.

However, a research done by Kaseh Dia Consultancy Sdn. Bhd. Sungkar and Irfan (2008) shows that the awareness level of halal products is still low among Muslims consumers in three different regions. Moreover, the percentage of customers' awareness level of halal products for four different categories of products also different.

However in terms of investment, the statistics/data of Halal industries have indicated the growth and investment trend of the Halal food and selected non-food industries. The total approved investments for food and selected non-food industries (medical devices, pharmaceuticals and cosmetics and toiletries) have doubled from RM 3 billion (1996-2000)-RM 7.2 billion (2001-2005), as shown in Table 2. Compared the two periods before and after 2000, the domestic investments on food and pharmaceutical industries have shown substantial increase.

The objective of this study is to discuss the development of conceptual arguments in halal hence it begins with the importance of the halal concept. This is followed by a discussion on the halal orientation followed by the relevance of halal orientation for companies.

MATERIALS AND METHODS

Halal orientation: The halal concept can be regarded as a catalyst that can transform not only the way that people live but also their ideas and interpretations of the quality, health and safety of their environment. Islam has introduced clear and definite concepts of Halal and haram that its followers must adhere to. Consequently, Malaysia aims to become a global Halal Food Hub by 2010. It also strives to raise its current global Halal market share of 1-5% by 2010. This is to be achieved by capitalizing on the edge it has over other Muslim nations in trading,

logistics, banking and Halal certification. In 1982, a Committee on Evaluation of Food, Drinks and Goods utilized by Muslims (now known as the Department of Islamic Development Malaysia (JAKIM)) was established under the Islamic Affairs Division of the Prime Minister's Department with the responsibilities to check and instill Halal awareness amongst food producers, distributors and importers.

In August 2004, the Halal Food; Production, Preparation, Handling and storage General Guidelines (MS 1500 (2004) was launched. This set of General Guidelines was developed by the Department of Standards Malaysia under the Ministry of Science, Technology and Innovation with close involvement from JAKIM, the relevant government agencies, universities, industries and non-governmental organisations. JAKIM has published the Manual Procedure of Halal Certification Malaysia that covers application procedure, inspection, monitoring and enforcement which serves as guidelines for the food manufacturers regardless the size of the business. In conjunction with this, Malaysian Prime Minister has stressed that the food industry should also be encouraged to be strictly halal compliant so as to tap into the global food market. However, many experts have pointed out that it would be difficult for the Malaysian industry to penetrate the global food market despite the capability of businesses with halal orientation to affect the global food market. Given these situations, halal orientation is an interesting issue to study.

Food consumption in Malaysia has been always debated not only on the question of nutritional aspect or freshness of the food but focusing on one ultimate concern: the Halal status of the food consumed. However, Malaysia's latest claim to be one of the halal hubs in the world has been put to the test due to the unbelievable result of the numerous raids carried out by the Malaysia authorities. The findings have been appalling and unethical as some so-called halal foods have not complied with the regulations set by the Malaysia authorities. The commotion pertaining to this issue has been immense whereby the Muslim consumers in Malaysia have begun to question the effectiveness of current halal orientation adopted by Malaysia's businesses. Therefore, the research question of this study is: How can an effective halal orientation are developed as a new business paradigm in Malaysia? Accordingly, halal orientation is related to the business strategy (Whittington, 2001). According to Whittington (2001), orientation is defined as a question of degree where the degree to which one functional or object orientation dominates the way of thinking in an organization and consequently, the decisions get taken and the way people do their jobs. Halal orientation is the long term focus that an

organization can enhance the business performance hence, it is considered as a new business paradigm that allow organizations to become better than its competitors (Mazzucato and Mariana, 2002).

The relevance of halal orientation to companies: As with everyone else, Muslims also lead very busy life styles. Increasingly, daily activities at work and home restrict their abilities to prepare meals at home. Muslims, like any other segments of the population are involved with their jobs and other away from home activities and the demand on their time has increased. Availability of prepared convenience foods has become increasingly more important. Consequently, the availability of halal prepared foods will serve a very useful purpose. In addition, there are over 1000 grocery items in Malaysian supermarkets and many more are being added daily. Muslims are making their decisions based on the ingredient information on the labels that might indicate whether that particular food item is lawful for Muslim consumption. It will be helpful for Muslim consumers to have halal markings on the label.

Malaysia is one of the world's great food producing nations. The meat, fruits and vegetables produced have a reputation for excellence throughout the world (Table 2). Each year Malaysia exports a variety of Halal foods to >70 countries. As many of these countries have significant Muslim populations, most products exported are Halal products. In other words, the growing size of Muslim populations around the world has generated strong economic opportunities for the business communities in Malaysia. One of the most prevalent opportunities is the Halal food market. With an estimated 1.8 billion Muslims worldwide, this represents an important market for Malaysian Halal food products; especially when the market value of global Halal food is estimated at around USD 550 billion per year. This has enabled Muslim communities to demand for the provision of Halal food from global business communities. In fact, with a total Muslim population of 1.6 billion and an increasing demand for Halal food by the non-Muslims; the market is becoming so huge that it is being coveted by everybody in the food industry Muslim and non Muslim producers alike.

Malaysia's very own Halal food market is also able to contribute significantly to the nation's economy as well as to the global economy. There are 15.4 million Muslims in Malaysia (59.2%) in 2005 and assuming each Muslim will spend at least RM1 a day on food, a total of RM 5.8 billion worth of Halal food will be consumed for a period of a year. It must be noted that the consumption of Halal food is not limited to the Muslims only and this has considerably added more value to the already sizeable

market segment. Even though the exact data on the export of Halal food products from Malaysia is not available, an approximate number can be referred to from the total export of processed food. The export figures have increased from RM 2.3 billion in 1996 to RM 6.5 billion in 2005. Singapore and Indonesia are among the largest export markets for Malaysian processed food during those periods, which amounted to 25% of the total export.

In terms of food products imported by Malaysia, it is estimated that the amount of processed food imported grew from RM 3.5 billion in 1996 to RM 6.4 billion in 2005 with Australia being the main source of imported food, worth at around RM 1.3 billion. The Agriculture and Agro-based Ministry has announced that Malaysia has allowed five Australian major slaughterhouses that have been certified by JAKIM to export 30,000 metric tones of beef in 2006. Indeed, Malaysia has always been the biggest importer of Australian beef. The Muslim market is very important to many Malaysian companies and each company has documented procedures to ensure that the Halal processing requirements are implemented at all stages of production. Malaysia is now renowned for its commitment to the strict standards required for producing Halal food and beverage products with the involvement and expertise of certified Malaysian-based Islamic organizations approved to supervise and certify the production processes.

Dimensions for halal orientation: The Prime Minister has launched this standard on August 16th 2004. It is the first official Islamic standard developed by Malaysia as the earlier halal standard could not be considered as Malaysian Standards (MS). This standard is also regarded as the modern version of the concepts of halal and haram. In line with the government's aspiration to make Malaysia a regional halal hub, this standard will be playing more important roles in the future. Some proposals on making this standard as the de-facto standards among the OIC countries have been forwarded to the government. Once approved, MS 1500 (2004) will be an international halal food standard and will be used by the OIC countries. The focus of this standard is on the source of halal food that comes in the forms of animal, plants, mushrooms, microorganism as well as chemicals. In line with modern demands, the standard also addresses requirements of genetically modified food. Overall, it provides general guidelines for the production, preparation, handling as well as storing of halal food. Indeed the MS 1500 (2004) stresses anything related to halal food must be physically separated from non-halal food MS 1500 (2004). The cost of adopting this standard will be around RM 10,000 and the certification process will take 18 months. However, for companies that are interested to get this certification, the Small and Medium Industry Development Corporation

(SMIDEC) is giving out grants worth RM 5,000 as an encouragement. In general, there are seven basic requirements for the preparation of halal food based on MS 1500 (2004) and they will be extensively discussed in the following subsections. Below are the seven basic requirements for MS 1500 (2004) and they will be further explained in the subsequent sections:

- Sources of halal feed
- Slaughtering
- Product processing, handling and distribution
- Product storage, display and servings
- Hygiene, sanitation and food safety
- Packaging and labeling
- Legal requirements

Sources of halal feed: The standard has specified that sources of halal food and drinks can be animal based as well as plant based. Animal-based sources of food can be further classified according to where they live such as land and water. All land animals are halal except for pigs and boar, dogs, snakes and monkeys, carnivorous animals with claws and fangs, birds of prey with claws, pests, animals that are forbidden to be killed in Islam, animals that are considered as repulsive and any other animals not slaughtered according to Islamic law.

Similarly, all aquatic animals are halal except those that are poisonous and hazardous. Plant based food are halal by nature except those that are poisonous and hazardous to health. Any genetically modified organism is also considered halal as long as there are no genetic mixtures between halal and non-halal animals. Feed ingredients might include grains, milling by products, added vitamins, minerals, fats or oils and other nutritional and energy sources. Plant and animal by products not suitable for human consumption can be made into inexpensive animal feeds. Hence the first step in providing halal animal feeds is to ensure that the cattle, goats, sheep and poultry are not treated with growth hormones. The animals and poultry must be fed only with vegetarian feed, organic feed or Amish feed. Although, certified organic feeds consist of no animal derived ingredients, some organic feeds are made of fishmeal and crab meal. Amish feed is made with vegetable-based ingredients but the absence of regulation and supervision can still create doubts. Realising the importance of animal feed to be halal, the Idena Company in France has begun producing halal feed. Feed plays an important role in halal classification; a fact that many Muslims tend to overlook. Hayati added that the feed must be from a vegetable source and must not have any meat content or any additives with animal gelatine such as pork-based material in it.

Slaughtering issues: The second principle of MS 1500 (2004) is related to the slaughtering process. Halal and non-halal animals must never be slaughtered together so as to ensure the halal status. A Muslim who has an adequate understanding of Islamic law must perform the slaughtering. The process also need to be carried out with the intention none other than for Allah and involving halal animals. It is also important to ensure that the animal is still alive before the slaughtering take place and must be done with the saying of Allah's name. The process should be done by cutting through the throat. The knife that is used to cut the throat and the carotid and jugular blood vessels (wadajain) must be razor sharp without any blemishes or is damaged in any way. Stunning the animal before slaughtering it is not recommended and strict requirements need to be followed if stunning is needed. Not all animals require slaughtering before they can be consumed by Muslims. Marine animals, bloodless animals and locusts need not be slaughtered. Slaughtering of eatable animals for food is a ritual of the Shari'ah that is observed by Muslims worldwide. It is a ritual that purifies an animal from blood and filth and makes it good and wholesome for consumption.

Product processing, handling and distribution: The third principle focuses on product processing handling and distribution. It is the producer's responsibility to comply with halal regulations. Special cleaning and preparation of equipment and facility are necessary prior to the commencement of halal production. All processed food is halal if they fulfilled certain requirements. From a producer's perspective not only must the ingredient be reviewed for permissibility, the suppliers of the ingredient must be also be Muslims and approved as halal. This is because many ingredients may be from a variety of sources including meat-based sources. Creating and approving a supplier network is time-consuming but many save a great deal of time later in the production and planning processes. Given the evolving market, it may be necessary and prudent to establish the halal processing facilities at the locations of a few key suppliers; particularly those connected to meat/poultry and related ingredients. During the preparation, processing, packaging, storing and transporting, the product should be fully isolated from any non-halal food. To approve a facility for general halal certification, it must consistently perform the same type of production and produce the same group of approved products using the same ingredients.

Product storage, display and servings: The equipments, machineries and other materials used must not be made of

non-halal materials. By fulfilling these requirements, it can be said that the product is halal and suitable for Muslim consumption. The fourth principle has mentioned that the storage, display and serving of the products must be labelled as halal products. Once this is done, the halal products must be properly separated from non-halal products so as not to confuse the consumers. Non-halal and halal goods must also be kept separately in the storage or during transportation and distribution in order to prevent contamination. All halal products that are stored, displayed, sold or served should be categorized and should be labelled as halal or lawful at every stage of the process to prevent it from being mixed or contaminated with things that are impure or non-halal. There must be signage indicating that the food is Halal to prevent it from being mixed or contaminated with non-Halal food and/or Najis items.

Cleanliness, sanitation and safety: The cleanliness, sanitation and safety of the products are considered as the foundation of halal food preparation in line with the concept of halalan tayyiban. These aspects cover the person, the equipment, the attire and the premises as well. Hygiene has been given much emphasis in Islam and it includes the various aspects of personal hygiene, clothing, equipment and the working premises for the processing or manufacturing of food. The objective is to ascertain that the food produced is hygienic and is not hazardous to health. Hygienic can be defined as free from najis, contamination and harmful germs. All foods should be prepared, processed, packaged, transported and stored in such a manner that they are in compliance to the hygiene and sanitary requirements of the relevant authorities. Manufacturers must ensure that the food is safe and hygienically clean for consumption. They are also responsible for monitoring the pollution, chemical used and disposal of wastes. The standard also requires manufacturers to subscribe to the principles of GMP (Good Manufacturing Practices), GHP (Good Hygiene Practices) and HACCP (Hazard Analysis of Critical Control Point). Manufacturers are not allowed to use ingredients that are harmful, or engage themselves in any unethical conducts that might affect the consumers adversely. The halal standards will also be used in conjunction with MS 1480, which is the food safety regulations based on HACCP as well as MS 1514, the general principles about food hygiene. In general, users of the standards should be able to meet the requirements relating to Islamic needs and expectations. Users will also be able to instill the syariah perspective into their quality management practice. JAKIM takes this for granted and is appreciative of the fact that in all slaughterhouses and

abattoirs in Malaysia no carcass should come out of the abattoir without having first been certified by the Veterinary Officer both in terms of quality and safety for human consumption.

Packaging and labeling: The halal status of packaging materials is questionable. While a plastic, microwaveable container of frozen food may appear acceptable, the source of some of the ingredients used to create the plastics may be hidden. In many cases, stearates are used in the production of plastic containers. Stearates may be of animal-origin as well as metal cans. In many cases, the formation and cutting of the cans require the use of oils to aid in their manufacture. Such oils can also be animal derived. The supervising organization must investigate and evaluate packaging to determine its acceptability in order to approve food in that particular container. Often, a melt-down test is used to determine how much if any of the container contains haram ingredients. Producers may use only approved containers and suppliers. For products to be properly labeled as halal, the production facility, along with its management, policies and production practices must be closely and carefully evaluated by JAKIM. Where production practices must be revised to conform to halal standards, the manufacturer must implement the required production practices and changes. There is potential for significant negative ramifications if a non-halal product is erroneously put into a halal-certified container. If packaging inventory variances cannot be explained to the halal supervisory organization, all halal products produced become suspect, which may result in a suspension of halal certification of all halal products in the inventory unless and until cleared. Segregating sealed halal and non-halal products in shipping (i.e., LTL common carriers) is unnecessary. However, fresh non-halal meat, which can leak meat juices through packaging materials should be segregated. If all packages are properly sealed to prevent cross-contamination, there is no need to segregate halal food products from non-halal food products in shipping. A food will change its status from being Halal to non-halal if it encounters any known non-Halal and/or najis substances. Hence, extra effort has to be taken to ensure that Halal food is always labelled as such and kept in a secure place to prevent possible chances of contamination.

Legal requirements: For a product to be deemed Halal, it must comply with MS 1500 (2004) guidelines, especially clauses 2-7. The verification is conducted through site inspection by a competent authority from JAKIM, Malaysia.

Barriers on the halal orientation: This study has presented an overview of halal orientation in the food industry. Halal issues have become major concerns for businesses as well as the public and hence the need for efficient policies to address them. The effective design of these policies requires an appreciation of the steps needed for a halal orientation as well as barriers and obstacles faced by businesses for halal orientation. The barriers can be divided into four categories:

Institutional barriers: Government institutions are considered as barriers to developments in halal orientation e.g., high level of procedures too rigid in certifications etc.

Economic barriers: Engaging in halal orientation involves two types of cost; direct costs and transaction costs. Both types of costs are likely to constitute significant barriers to go for halal orientation.

Organizational barriers: Relate to the difficulty of implementing fundamental change. This is especially true when there are changes in core features of organizations (organizational goals, forms of authority, core technology and operational and marketing strategy).

Informational barriers: These include problems of standardization, exchange and control of halal information. Establishment of halal orientation requires additional specialized system to handle informational flows associated with both forward and backward flow of materials.

RESULTS AND DISCUSSION

The significance of this study has a number of implications that could contribute theoretically and practically to academicians, practitioners and government

bodies. Further research must be undertaken to support the evolution of halal business activities towards halal development. This study is an attempt to clarify the path towards that end and highlight the measures required of business organizations in order to make halal orientation as a new business paradigm, a reality.

CONCLUSION

In this study, the development of conceptual arguments in halal orientation. Specifically, it illustrates the challenges and issues in halal that are important to the industry players. They can become halal oriented and be more innovative at improving their operations as well as being more competitive in the world food trade. This will enable businesses to shift to the new business paradigm and consequently enable Malaysia to penetrate and capture the vast local and international market on halal food.

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