



HALAL LOGISTICS

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ABSTRACT

The rapid development of halal market has gained a worldwide attention. This implies that the demand for halal certified services and products continue to rise. In fact, halal certified food and products is spurring the growth of halal logistics. Many logistics companies in Malaysia have committed to provide halal logistics services in order to serve the huge demand of halal products locally and internationally. Halal logistics is a practice to plan, execute and manage the flow and storage of halal certified raw materials, halal semi-finished or halal finished products from suppliers to end customer in order to ensure full compliance with the general principles of Shariah Law. Clearly, halal logistics is gaining traction as the halal products may expose to the risk of contamination along the supply chain. As such, this paper aims to review the concept of halal logistics in Malaysia as Malaysia was the pioneer in introducing halal logistics standards and halal certification for logistics service providers.

Key words: Halal Logistics, Malaysia

INTRODUCTION

According to Pew Research Center (2015), Muslim population constitutes about 24% of the world population with 1.8 billion adherents. Globally, Islam is the second largest religion. In the coming decades, Muslim population is expected to grow more rapidly. This means global halal market is expanding fiercely not only in the food and beverage market but also in many other markets (Abdul-Talib and Abd-Razak, 2013) such as banking and finance, clothing, pharmaceutical items, cosmetics and personal care products (New Straits Times, 2016). Evidently, food sector has the greatest potential for growth as the halal market is currently valued at US\$2.3 trillion (Hong Kong Trade Development Council, 2017).

In light of the growing halal market, Malaysia now is the world's leading halal hub and has become a role model among the Muslim countries (van der Westhuizen, 2004). Department of Islamic Development Malaysia (JAKIM) was established in 1997 to focus on the halal market. JAKIM acts as the coordinator to standardise and legitimate the Islamic law, as well as fine-tune and develop the Islamic education. Also, JAKIM oversees the issuance of

halal certification and increase awareness of stakeholders including manufacturers, retailers, distributors, exporters, importers and consumers about halal compliances (Talib, 2017).

The rapid development of halal market has gained a worldwide attention. This implies that the demand for halal certified services and products continue to rise (Pahim, Jemali and Mohamad, 2012). In fact, halal certified food and products is spurring the growth of halal logistics (Malaysian Reserve, 2017). Many logistics companies in Malaysia have committed to provide halal logistics services in order to serve the huge demand of halal products locally and internationally. For an example, Kontena Nasional is Malaysia's first halal JAKIM certified logistics provider for halal warehousing, transportation, and Samak service (Kontena Nasional, 2018). Clearly, halal logistics is gaining traction as the halal products may expose to the risk of contamination along the supply chain. As such, this paper aims to review the concept of halal logistics.

HALAL LOGISTICS

With the growth of the Muslim consumer market, various terminology and definitions have been used for halal. The word of "halal" literally means permissible or lawful by Islamic laws (Hassan, 2016). Halal in the Quran means lawful or permitted, hence halal food is allowed to be consumed with no doubt (Mathew et al., 2014). Rahim, Shafii and Shahwan (2015) stated that halal is something approved by Shari'ah in the perspective of religious, faith and spiritual while Thoyyib is something about benefits or wholesome in terms of quality, safety, hygienic, clean, nutritious, quality and pure in scientific. In Malaysia, halal is defined as things or actions approved by Shariah law without penalty being imposed on the perpetrator (Kamaruddin, Iberahim and Shabudin, 2012). However, in halal food industry, Mathew, Abdullah and Ismail (2014) identified that halal symbolises hygiene, purity and quality.

On the other hand, logistics is one of the key activities in supply chain management which integrates producers, manufacturers, retailers and customers (Kamaruddin et al., 2012). As stated by Talib and Hamid (2013), logistics is used to simplify the movement and coordination of supply and demand for the purposes of time and place utility. According to Talib, Hamid and Chin (2015), halal logistics is defined as a Shariah-compliant processes that handles and distributes goods throughout the entire supply chain. In addition, halal logistics is a practice to plan, execute and manage the flow and storage of halal certified raw materials, halal semi-finished or halal finished products from suppliers to end customer in order to ensure full compliance with the general principles of Shariah Law (Latif, 2012). Halal logistics aims to avoid contamination between haram and halal goods during the logistics procedures (Fathi et al., 2015).

Malaysia was the pioneer in introducing halal logistics standards and halal certification for logistics service providers. In Malaysia, Malaysian Standard for Halal Logistics (MS 2400:2010) is used by logistics companies to provide halal transport services such as transportation, warehousing and retailing. The halal logistics services in compliance with

Shariah Law cover activities such as processing to handling, distribution, storage, display, serving, packaging and labeling (Tarmizi et al., 2014).

CONCLUSION

The concept of halal logistics has created a new business drive with the supply chain. However, there are many challenges and practices of halal logistics certificate in Malaysia. Till now, limited certified halal logistics providers cater for the halal demand. As such, trainings and consultation services about halal logistics standards are important for them.

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