Halal Integrity from Logistics Service Provider Perspective

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Abstract—In the complexity and dynamic supply chain network, understanding the integrity definition is paramount as to uphold Halal integrity from “farm to fork” to avoid miss-communication and fraudulent. This is because, the perceptions of Halal integrity varied among the Halal food supply chain stakeholders due to difference in scenario and perspectives. The authenticity and integrity of the Halal food supply chain is vital as it becomes the prerequisite in determining the potential business growth for sustainability. Consumers especially Muslim are concern about the integrity of Halal status of the food they consume as well as the product’s origin. To the researcher understanding, there are limited study on halal integrity from the LSP perspective, this could be a novelty as the purpose of this paper is to explain how LSP perceives Halal integrity in compliance to Halal Supply Chain Management System: MS2400. Hence, the finding provided a guideline for future researchers or halal stakeholder a overview of LSP perception on halal integrity.

Keywords—Halal Integrity, Halal Food Supply Chain, Halal Logistics, Halal LSP, Halal authenticity

1. Introduction

Halal term is not only a religious issue, it also becoming the main issue for all business players to support Halal business trade globally. The Halal concept has emerged thousand years ago where it is stated in two main reference of the Muslim generation namely Al Quran and Hadith [1]. The ‘Halal” term governs all aspect in Muslim lives worldwide.

The realm of Halal is not restricted to the consumable items only such as toiletries, food, pharmaceuticals, cosmetics and finance services, but maintaining the Halal status from point of origin and throughout the supply chain process including logistics activities is significant [2], [3]. Transportation and storing activity of the Halal product is also critical to ensure the product is still Halal when it reach end consumer. The logistics provider should have a knowledge on how to maintain the Halal integrity of the products that they carry to avoid cross contamination with non-halal product as cross contamination could happen at any time and any place throughout the supply chain activity. Refer to [4], the objective of products/items segregation assures Halal supply chain can be achieved as follows:

1. Preventing from cross-contamination
2. Avoiding from mistakes occurrences
3. Ensure consistency among Muslim consumers expectations.

Recognizing upholding the Halal integrity is the prime consent in ensuring the Halalness of the product end to end, therefore, the common understanding of Halal integrity definition is vital. Halal integrity becoming crucial issue in order to avoid miscommunication and fraudulent throughout the supply chain process. Having reviewed the literature, the definition of Halal integrity is also
inconsistent from one researcher to another. The notion of Halal integrity can be regard as maintaining the Halal status throughout the supply chain network from any activities that might breach the Halal status of the product intentionally and unintentionally [5]

The perceptions of Halal integrity varied among the Halal food supply chain stakeholders due to difference in scenario and perspectives. For instance, study by [2] highlighted that there are three (3) major issues discussed on the halal criteria requirements for in-flight halal kitchen that are proper segregation, Sertu (shariah cleansing) and worker’s hygiene. The authenticity and integrity of the Halal food supply chain is vital as it becomes the prerequisite in determining the potential business growth for sustainability. Previously most studied concentrated on Halal manufacturer and there have been insufficient discussions about certified LSPs, although its paramount roles and responsibility in Halal food supply chain. In-addition, the study on Halal integrity perspective in journal and other publication is limited which had shown significantly huge gap in the body of knowledge.

Malaysia has been recognized as a leading country in supporting Halal industry worldwide. Malaysia via the development of Islamic regulatory body, JAKIM (Jabatan Agama Kemajuan Islam, Malaysia) and Halal Development Corporation (HDC) in promoting Halal trade activities, Halal is acknowledged as a new horizon of activity in many sectors such as logistics and supply chain, food and restaurant, tourism, banking, textile, medical devices and finance.

To ensure the Halal compliance of each product and services, Malaysian government via Standard Department of Malaysia has developed Halal standard. Halal standard is a reference book that can be used as a guideline to the industry players in establishing its Halal business. This standard has been the main reference not only for the industry players, but also to the customer inside and outside Malaysia. One of the examples of Malaysia standard is MS2400 Halal supply chain [2].

### Table 1: The Department of Standard Malaysia: MS2400 Series on Halal Supply Chain [6]

<table>
<thead>
<tr>
<th>Malaysian Standard (MS2400 Series) on Halal Supply Chain</th>
<th>Introduction</th>
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</thead>
<tbody>
<tr>
<td>Halal Supply Chain Management System –</td>
<td>The halal supply chain links producers of products, goods and/or cargo with consumers. The pipeline provides assurance that products, goods and/or cargo delivered from one custodian to another is in accordance with halal requirements, thus preserving the halal integrity of the products, goods and/or cargo.</td>
</tr>
<tr>
<td>Part 1: Transportation – General requirement (First revision)</td>
<td>A standard of management system which organise transportation requirement of halal products, goods and/or cargo</td>
</tr>
<tr>
<td>Halal Supply Chain Management System –</td>
<td>The halal supply chain that is translated into a set of management system requirement standards which comprise of warehousing.</td>
</tr>
<tr>
<td>Part 2: Warehousing – General requirement (First revision)</td>
<td>A standard of management system which organise warehousing requirement of halal products, goods and/or cargo</td>
</tr>
<tr>
<td>Halal supply chain management system –</td>
<td>The halal supply chain that is translated into a set of management system requirement standards which comprise of retailing.</td>
</tr>
<tr>
<td>Part 3: Retailing – General requirement (First revision)</td>
<td>A standard of management system which organise retailing requirement of halal products, goods and/or cargo.</td>
</tr>
</tbody>
</table>
The lack of references in global halal standard is the main challenges to industry players to monitor business operation and its integrity. According to [7], having Halal standards is vital to support and facilitate Halal business which enables the companies to abide with relevant laws and regulation. According to JAKIM latest statistical data, from the total logistics companies operating in Malaysia, there are only 86 LSP who is certified Halal Logistics Provider (see Table 2 below) certification. It is shown in the table that Halal certification companies for food and beverage companies is 4800 and followed by restaurant (eating establishment), 1334 companies. Halal logistics provider is the lowest number that get Halal certification for Halal logistics compared to other. This is critical as this may lead to misunderstanding of the maintaining of Halal integrity of the product that they carry from one point to another point. As such, this big gap becoming a serious area to be studies among the scholars. This is aligning with [8] and [9] that call for more research in Halal logistics.

Table 2 : Halal certification scheme and number of companies in Malaysia [10]

<table>
<thead>
<tr>
<th>No</th>
<th>Certification Scheme</th>
<th>Related MS</th>
<th>No of companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Food and beverage</td>
<td>MS1500</td>
<td>4800</td>
</tr>
<tr>
<td>2</td>
<td>Abattoir</td>
<td>MS1500</td>
<td>147</td>
</tr>
<tr>
<td>3</td>
<td>Eating establishment</td>
<td>MS1500</td>
<td>1334</td>
</tr>
<tr>
<td>4</td>
<td>Cosmetics</td>
<td>MS2200-1</td>
<td>313</td>
</tr>
<tr>
<td>5</td>
<td>Pharmaceuticals</td>
<td>MS2424</td>
<td>194</td>
</tr>
<tr>
<td>6</td>
<td>Logistics</td>
<td>MS2400</td>
<td>86</td>
</tr>
</tbody>
</table>

Having discussed the above, the important research question can be captured from the above discussion is as below:

Research Question: How logistics service provider perceives Halal integrity with compliance to Halalan Toyyiban Assurance Pipeline Management System (HTAPs) – MS 2400 – 2010?

The aim of this research is to explore how logistics service provider perceives Halal integrity with a reference to MS2400 standard. The next section will discuss about Halal integrity literature review and followed by the methodology discussion adopted in this study. Single case study findings will be presented with the development of Halal compliance model with a reference to MS2400. This paper close with highlighting the contribution and implication for practitioners and suggestions for further research.

2. Literature review

The notion of Halal integrity

Previous research has established the importance of halal food supply chain. Recent study by [5] stress on the importance of the halal integrity with creating a critical awareness of the halal needs among the industry players in food industry. His study defines halal integrity as a process that is not only deals with permitted and prohibited foods, but the halal status of the food product (i.e. from raw materials until it reaches the consumers) should not be breached (i.e. no cross contamination with haram product). Earlier study by [11] suggested Halal integrity of a product is a result of various activities in the supply chain. This has not been clearly defined what are the elements that represent Halal integrity. Table 3 below presents past studies that is related to Halal integrity.

Table 3 : Previous research on Halal Integrity and the Gaps (Adopted by researcher)

<table>
<thead>
<tr>
<th>Source</th>
<th>Halal integrity issue</th>
<th>Gaps/ Critical analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>[12]</td>
<td>No uniformity (no unified) of Halal concept as due to various level of awareness and understanding of concept across the globe. The integrity of Halal product is being perceived differently among market</td>
<td>Difference School of thought on Halal Concept and perception of Halal Integrity</td>
</tr>
<tr>
<td>[11]</td>
<td>As the Halal integrity of the product is a result of the various activities in the supply chain, a supply chain approach is important to guarantee the Halal integrity at the point of consumption.</td>
<td>Halal critical control point in various activities of Supply Chain</td>
</tr>
<tr>
<td>[13]</td>
<td>The Halal SC Model can be an important instrument to design &amp; manage Halal food SC in extending Halal Integrity from source to point of consumer purchase. As there is an evident lack of academic research in the field of Halal supply chain management, it provides an important reference for Halal logistics and supply chain management.</td>
<td>The important of Halal SC Model as point of reference</td>
</tr>
<tr>
<td>[14]</td>
<td>Halal logistics and supply chain management (SCM) is an important discipline for the Halal industry in</td>
<td>Introduction of HSCO as focal</td>
</tr>
</tbody>
</table>
### Table: Halal integrity issue and Gaps/Critical analysis

<table>
<thead>
<tr>
<th>Source</th>
<th>Halal integrity issue</th>
<th>Gaps/Critical analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>[15]</td>
<td>The concern of Halal food supply chains integrity is increasing (Zailani et al., 2010; Lam &amp; Alhashimi, 2008). Firstly, the complexity of supply chain causes the Halal integrity issues are occurring more than before (Lam &amp; Alhashimi, 2008) and focus on cost reduction of the logistics industry (Wilson and Liu, 2010). 2nd, the complexity of today’s supply chain is making integrity issues harder to detect (Zakaria, 2008; Shafie &amp; Othman, 2004; Talib et al., 2008; Abdul et al., 2009). 3rd, the consequences of Halal integrity issues in the supply chain have arguably become costlier than before for brand owners and retail chains to repair (Waarden &amp; Dalen, 2010; Zakaria &amp; Abdul-Talib, 2010; New Straits Times, 2005).</td>
<td>The complexity of the network and cost reduction making integrity issues difficult to detect.</td>
</tr>
<tr>
<td>[16]</td>
<td>There are huge gap in the body of knowledge and the limited numbers of publication in the research theme of Halal supply chain &amp; Halal integrity. Halal Integrity – One (1) Journal Paper only (Topic: The influences of Halal integrity on product adaptation strategy for global trade).</td>
<td>Limited study on Halal integrity to enhance knowledge.</td>
</tr>
<tr>
<td>[17]</td>
<td>Big challenge for all the parties involved to ensure the integrity of the Halal product is intact throughout the whole supply chain. To protect Halal integrity, complete understanding of the whole Halal food SC is required.</td>
<td>Unity in protection of Halal integrity among Halal Stakeholder.</td>
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<tr>
<td>[18]</td>
<td>Presently there is no standardize Halal guidelines because different countries &amp; certification authorities apply different practices. In order for Halal logistics to be successfully implemented &amp; ensuring Halal Integrity throughout the logistics network, a one-size-fits-all rules are needed.</td>
<td>No uniformity on Halal guidelines.</td>
</tr>
<tr>
<td>[19]</td>
<td>The paper aims to: a) conceptually unpack the Halal integrity risk framework; and b) highlight the supply chain integration practices (internal integration and external integration) in mitigating food integrity risk. Halal integrity risk in the food supply chain – define six dimension of Halal integrity risk: a) production; b) raw materials; c) food security; d) outsourcing practices; e) service; and d) logistics. Globalized supply chains increase the complexity of Halal food integrity. It is more significant to the Halal food industry due to incomprehensiveness of the novel Halal and integrity concept. The outsourcing makes the supply chain longer, which means it is harder for the focal firm to keep track of their quality control process along the supply chain, i.e. Halal integrity. The insights in the studies show various processes are being outsourced such as logistics, warehousing, packaging, marketing, and sourcing of skilled and unskilled workers.</td>
<td>Incomprehensive definition of six dimension in Halal integrity risk.</td>
</tr>
</tbody>
</table>

In general, Halal integrity can be classified to three elements namely individual integrity, corporate integrity and supply chain integrity. This has been illustrated in the Figure 1 below. As suggested by [22], integrity will link between ethical conduct and individual character. It can be referred as a quality or state of being complete; entirety; perfect and wholeness. This is referring to personal integrity.
Organizational integrity is related to workplace behaviour where psychological constructed and impacted on is receiving a considerable amount of attention in various industrial and organization psychology domains, such as leadership, organizational dynamics, employee wellness and employee selection. Supply chain integrity covers both operational and reputational dimensions. Operational integrity refers to the ability of the supply chain to meet objectives for quality, productivity and financial performance. While reputational integrity refers to the ability of the supply chain to protect and enhance the brand [23].

![Figure 1: Types of Integrity (Drawn by author)](image)

3. Research Methodology

The researcher opted for qualitative methodology to explore unobserved phenomena on the Halal integrity in the halal food supply chain in Malaysia. A single case study approach was adopted as a main strategy to collect rich data and gain in depth understanding on the issue of Halal integrity from Halal logistics service provider. [24] recommended single case study in examining unexplored phenomena. [24] also suggested that the number of respondents in qualitative study is not the main issue since the aim of study is to understand the phenomena, not to generalize the findings. As such, single case study in this research is justified.

This study follows case study protocol to ensure the reliability of the data. Semi structured interview was performed to collect rich data with regards to Halal integrity and the compliance to MS2400 standard on Halal Logistics [3]. One certified Halal Logistics Company has been examined in this study with the involvement of four Halal related managers. All four interviewees have been interviewed in a different time and at different places. Each interview takes about 60 to 90 minutes. The details about all four interviewees as shown as below Table 4:

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Years in logistics industry</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>5 years</td>
<td>Shariah Officer / Halal Executive</td>
</tr>
<tr>
<td>B</td>
<td>6 years</td>
<td>Head of Quality, Health, Safety &amp; Environment</td>
</tr>
<tr>
<td>C</td>
<td>7 years</td>
<td>Fleet Manager</td>
</tr>
<tr>
<td>D</td>
<td>6 years</td>
<td>Business Development Executive</td>
</tr>
</tbody>
</table>

After the interview, all audio data has been transferred to verbatim text in Microsoft word and the researcher has transferred all interview transcript into Atlas ti software to help with organization of the data. Atlas ti and Nvivo are the software commonly used by qualitative researchers. Both software enables the researchers to work with chunks of data, to codes, categorize and developing themes. As suggested by past qualitative researchers, this software is the most suitable for exploratory research for theory building.

During the analysis, memos also been created by the researcher to interpret any remarkable note. The researcher uses qualitative content analysis as a data analysis method. Qualitative content analysis or known as thematic analysis, is one of the popular methods in analysing qualitative data. It is an interpretation method for qualitative interviews ([25], [26]) which involves activity like summarizing raw data into categories or themes based on valid understanding and interpretation [27]. This process uses inductive reasoning, by which themes and categories emerge from the data through the researcher’s careful analysis and continuous comparison.

As this study is about halal integrity with a reference from MS2400 Halal logistics standards, one of the methods in data analysis is also reviewing MS2400 document. Triangulation has been performed, between interview data and MS2400 document. This is significant in qualitative research to ensure the credibility of the qualitative data. To conclude, to take care the ethical issue in conducting research, all four respondents were given a consent letter and they are aware about the data that they need to share. During the analysis, all four respondents was renamed as respondent A, B, C and D. The next
section will highlight the key findings from the investigation.

4. Results and Discussion

In responding to the research question developed earlier on how logistics service provider perceives Halal integrity with compliance to Halal Supply Chain – MS 2400, initial findings show that there are eight factors emanates from the main interview data with regards to halal integrity incompliance to MS2400 halal logistics standard. There is training, practice, policy, assessment, Halal awareness, communication, and standard operating procedure (SOP), and top management commitment.

From the data, there are about 41% frequency of the respondents mentioned about training, 22% on practice, 16% on policy, assessment (6%), halal awareness (6%), communication (3%), SOP (3%) and top management commitment (3%). This is illustrated in below:

![Figure 1: Percentage and frequency of the codes theme](image)

As highlighted by one of the respondents:

"Understanding and awareness is important for the workers for them to operate in the halal environment, that’s why the understanding should be in-depth. Then that’s why our training program we conduct according to level. Firstly, is general, then secondly for intermediate which is more detail and, in the advance, how you manage the integrity for company. (Respondent b)"

Training is deeming necessary as employer requires investment in costs (money), time and effort for their employees. Therefore, training need a systematic planning and human capital policy constitutes the top management commitment. In-line with human capital development toward organization’s vision and mission with compliance to MS2400 toward upholding halal integrity which require specialized and affordable training. This is important to increase their competitiveness with the continued growth of the transportation industry locally and in global perspective. In addition, previous scholar stressed on the need of employee to continue to play an increasing role in the differentiation of product & service. Logistics continued in globalization in trade, delivering freight margin, complex contract, increasing competition, increased security risks, changing role of service providers, technological advancement, required contingency planning and future trade outlook and it is important that employee training seen as investment. Type of program must be reviewed by the organization, and selection of appropriate provider. In-addition, to evaluate what is the best fit and how the training program can support organization’s future strategy and objective and can improve the performance productivity of staff and ensure they have the skills that industry needs. The possible training benefit would be increased employee motivation, satisfaction and morale, increased competitiveness, consistency message, increased efficiency, reduction in employee turnover & increased innovation in strategies & product [19]. Continuous training for new knowledge, understanding of Shariah and Islamic Principles will improve the synergy of workforce toward establishing smooth communication in operational of logistics activities.

In-addition to respondent’s result of 41% in training, practice contribute to 22%. Result shown crucial for employer to emphasis the halal practices for employee. Collaborative initiatives should be
developed between logistics service provider and stakeholder as joint efforts. From the literature review of [30], clearly stated that many issues and challenges occur in the food industry because there is no integrity in halal practices. Issues and challenges are highly occurring to all industries in Malaysia within it is come from workers or management itself. Competition [30] source: Halal Supply Chain Management Streamlined Practices : Issues and Challenges

As highlighted by one of the respondents:

1.6. How do your company educate employees on halal integrity practices?

From our side also from the very beginning we give for the new employee we give what we call induction, this is very important because I think all the company doing the same practice, we give induction to them and also actually every year we decide especially to the employee actually not only to the employee, but also for the drivers, of course for the fleet department, drivers we have I think every quarter we have what we call training for them, temperature training include the halal training we give what we call awareness to them actually, inside … in the our training but actually the content is provide by the QC department (respondent C)

Educating and awareness of Halal Integrity Practice to employee is crucial as there are responsible in handling the operational activities. Company must deal with avoid unwanted incident which is costly such as no contamination between halal product and non-halal products. This is the major concern for all employer to assure no breakage of halal procedure along the supply chain.

Halal Policy stated 16% contribution, in the company, this is where the information of the company objective toward halal policy. Information are display on the notice board, disseminate clearly and precisely on the shariah compliance including the do and don’t on the policy. Employer need to create Halal awareness to make known to all stakeholders and continues training in Halal practice. The Halal policy too need to be followed and adhere to avoid any misleading and smoothen the operation process.

As highlighted by one of the respondents:

Yes that’s why we have a process, the process lead by the what we call the head department, if meaning here that we need to understanding, for example we can share very easy, if any new product from the business development, when we want … not only for the warehouse but also for the fleet, when they introduce for the new product to carry inside our truck we need to confirm what type of product either free pork for example, there is no liquor everything, than after we confirm with the committee and then we decide it’s okay for our business then we run, but it not simply we take the business without the dedication from the committee, especially from the ustaz department (Respondent C)

Communication, SOP and top management commitment contribute 3% equally in each segment. Regular discussion and meeting are important to avoid communication breakdown. Required focal point or point of reference lead by the Halal committee. The roles of Halal executive to organize periodical meeting and discussion is crucial and commitment from top-down and bottom-up toward accomplished the company objectives. A precise standard operating procedure (SOP) should be disseminated and share value for all to smoothen the process of logistics activities.

Respondents agreed the top management commitment on halal policy in creation of halal awareness is crucial. Emphasis on training employees in ensuring success in halal practices. Establishment of halal policy, halal SOP and assessment. The organizations are to be responsible for developing, monitoring and controlling the halal assurance system to ensure its effectiveness. The important role of logistics in halal industry should be clearly described as [15] definition: Halal logistics is the process of managing the procurement, movement, storage and handling of materials, parts, livestock, semi-finished or 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.
As highlighted by one of the respondents:

*Actually, to facilitate we have control measure. To facilitate our policy or for facilitation, like what I want to say, to control we have our policy. For facilitation our existing SOP will facilitate and comply. (Respondent A)*

5. Conclusion

In conclusion, based on the research question on how logistics service provider perceives Halal integrity with compliance to Halal Supply Chain MS2400. The initial findings show that there are eight factors emanates from the main interview data with regards to halal integrity in compliance to MS2400 halal logistics standard. There is training, practice, policy, assessment, Halal awareness, communication, and standard operating procedure (SOP), and top management commitment. The important of training is priority as it is in the top ranking to the company, to assure effective and efficient logistics activity for safe working environment. Untrained workers that lack of knowledge and skills might cause more susceptible to injuries while handling the equipment or materials used.

Since, this study is a first attempt on exploring the LSP perception of halal integrity, there are several limitations need to be highlighted. Firstly, this study only discussed on single case study of LSP in Malaysia, respondents may not be representing the whole population of halal logistics service providers. Secondly, this study needs to define the scope of Halal logistics activities which covers warehousing and transportation. It is recommended that further study should acquire in-depth data, for example obtaining views from industry experts through focus group for better understanding toward halal integrity perception in the logistics industry.

The result from this respondent could be a guideline and benefited to Halal Food Supply Chain stakeholder especially future certified Halal LSPs. This single case-study intends to ascertain the strategies used by a home-grown respondent whom the first Halal Logistics certified by Department of Islamic Development Malaysia (JAKIM), on Malaysian Standard (MS) Halal Supply Chain MS2400 Part 1: Management System Requirements for Transportation of Goods and /or Cargo Chain Services.
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