

# Halal Logistics Certificate in Malaysia: Challenges and Practices

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**Abstract** – This paper illustrates challenges and practices of Halal logistics certificate in Malaysia. The concept of Halalan Toyayiban has been introduced, where the concept starts from the farm until consumption. This means all the raw materials, material handling, storage, warehousing, and transportation should use the halal concept across the supply chain. Under this concept logistics activity involved in term of how the goods transferred from one places to other place, storage place to keeps the goods, material handling and other logistics activities. Halal Logistics is created by Halal logistics Service Provider (LSP) to meet the demand from halal manufacturer in order to maintain the integrity for halal products. There was only one LSP company that introduced this new concept in their operation, there is about nine companies certified with Halal Logistics Certificate. The objective of this research is to explore the LSP Companies that have Halal Logistics Certificate from the authority, to determine the challenges faced by them to adopt Halal Logistics in their operation and to provide guideline for other LSP Companies those interested to apply for Halal Logistics Certificate in the next around.

**Keywords**— Halal Logistics, Challenges to apply Halal Logistics Certificate, Halal Logo, Jakim. LSP

## 1. INTRODUCTION

Halal supply chain is created by halal logistics service provider to meet the demand from halal manufacture in order to maintain the halal integrity for halal product (Ngah et al, 2013). According to

service especially in halal transportation and warehousing since all product must use this service.

Logistics service provider has created a service called halal supply chain service to meet the demand from halal industries throughout the world (Jaafar et al., 2011). Halal Logistics is a new service offered by LSP Companies as an added value service to their operation. From two (2) companies the number of LSP Company which gets Halal Logistics has increase from time to time. According to JAKIM everyday they receive a new application for Halal Logistics Certificate from LSP Company. Some LSP company already make the application but their application have been rejected by JAKIM on several issues.

## 2. LITERATURE REVIEW

There is a huge demand for Halal Logistics in Malaysia since currently Malaysia is developing as a Halal Hub and Jakim Halal Certificate has been recognized worldwide. The consumer awareness about halal product is now also increasing. Many SME are searching halal transportation service in order to make their consumer feel more confident that the integrity of their halal product can be maintained throughout the transportation process. Nowadays, in Malaysia on a small segment of LPS who provide the halal logistics services. From three hundred three (303) Logistics Company in Malaysia only nine (9) companies obtained Halal Logistics certificate from JAKIM. Base of previous data only two (2) company have Halal Logistics Certificate that is but now the number of LSP that are certified with Halal Certificate have increased to nine (9) company and several logistics company in the waiting list to get approval for their

application . This statistics has shown there is a high demand for halal logistics service. These studies try to explore the challenges face by LSP Company to apply the Halal Logistics Certificate from JAKIM and the finding from this study can be a guideline to other LSP wanting to apply for the Halal Logistics Certificate. The objective of this study is to identify the challenges faced by LSP to apply Halal Logistics Certificate in Malaysia and second objective is to determine internal challenges faces by LSP to adopt Halal Logistics in their operation. This study focus on LSP in Malaysia that already get Halal Logistics Certificate and JAKIM as a authority. The result from this study can be use by LSP company who want to apply Halal Logistics from JAKIM , this will make the process more simple , reduce the risk of their application being rejected and can reduce waiting time to get an approval.

### 3. HALAL LOGISTICS CERTIFICATE APPLICATION

Through this study, the data collection from LSP company who already have Halal Logistics certificate will be use as a guideline for future LSP company who want to apply Halal Logistics Certificate. There are several assumptions regarding this study on the procedure impose by the authority make the process to apply Halal Logistics Certificate. First assumption is, to apply Halal Logistics Certificate from JAKIM it involves a lot of documentation that need to prepare by LSP Company. This documentation process will remain the same during this research take place .Second assumption is, the fee charge by JAKIM is the same and there is no adjustment for the fee during this research take place. Third assumption is the duration of time impose by JAKIM to process Halal Logistics Certificate is remain the same to those of LSP who want to make the Halal Logistics application.

#### 3.1 Qualification to Apply Halal Logistics Certificate

For those LSP Company who want to apply Halal Logistics Certificate from JAKIM , is better for them to check their qualification first in order to prevent their application from be rejected by JAKIM. The list qualification can be seen in the table below:

**Table 1:** Qualification to apply Halal Logistics Certificate

No	Description
1.	Applicant must be register with Company Commission of Malaysia (SSM) and other government agency.
2.	Have business licence from local authority
3.	Fully operate before making the application
4.	Handle halal product only and follow the standard as request
5.	Ensure all material have halal certificate
6.	Apply to all types of product produce / handle at the premise
7.	For repackaging activity, need to submit halal certificate for that product.

(Sources: JAKIM handbook)

#### 3.2 Procedure to apply Halal Logistics Certificate

As refer to Figure 1, For LSP Company who wants to apply Halal Logistics Certificate, they can visit JAKIM website to get more information on this. It is the best practise if LSP can make some preparation before they make the application.

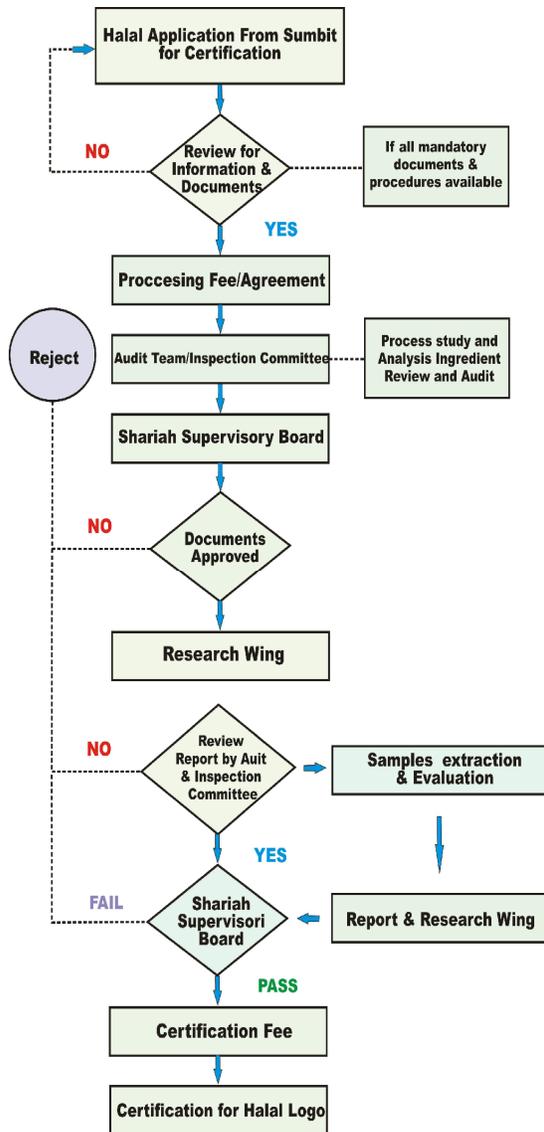


Figure 1: Procedure to apply

4. FINDINGS

Base on the interview with JAKIM, every day they receive a new application for Halal Logistics Certificate from LSP Company. According to JAKIM most of LSP Company makes this application because of several reasons such as

- i. It is a requirement from their customer.
- ii. LSP apply Halal Logistics Certificate from JAKIM in order to attract more customers to use their service.

- iii. LSP try to provide new services in their operation.
- iv. Other reason why LPS company apply Halal Logistics from JAKIM is because to make their customer feel more confident with their service.

4.1 Challenges to Apply Halal Logistics Certificate.

Based on data collection LSP Companies facing a problem to design the SOP for their Halal Logistics operation.



Figure 2: Challenges face by LSP to design the SOP as request by JAKIM

5. CONCLUSION

This research provides a significant outcome by providing answer to the question of the challenges face by LSP Company to apply Halal Logistics Certificate in Malaysia. The research also provide the evidence, the major finding of this research are as follow:

Based on the interview with LSP Company who already gets Halal Logistics Certificate from JAKIM, there is a high demand for Halal logistics services.

LSP Company aware on the procedure to apply Halal Logistics certificate from JAKIM . LSP Companies aware on documentation that involve in the application.

LSP Companies aware on the fee impose by JAKIM but some of them need to pay consultant to design the SOP.

LSP aware if they follow the guideline and application procedure giving by JAKIM within a few month they can get their certificate

LSP companies have mentioned that they don't face any problem while dealing with JAKIM as authority. To avoid any problem, before they meet with JAKIM they will make a necessary preparation.

The main challenges to apply Halal Logistics form JAKIM is, LSP need to design their own SOP for their Halal Logistics operation procedure.

After get the Halal Logistics Certificate from JAKIM, other challenges face by LSP company to

adopt the Halal Logistics operation is , they need to buy a new equipment , hire more staff , send their workers for training and try to adopt with a new SOP procedure.

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