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Managing Halal Certification Supply Chain: Determinants Success Factors Framework for a Hotel Performance

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Abstract— Muslims are obliged to follow Shariah Laws which require them to consume the Halal food and products. One of the ways to authenticate the Halalness of food is through the Halal certification. This certification system can guide Muslims in making decision for certain products and services without hesitation. Because of the demand for halal products and services is very promising, more and more companies are starting to certify their products and services. This demand is also true to one of the largest Malaysia's contributors to the national economy - hotel industry. The Halal certified food can give an extra edge to the industry in luring not only the local tourists but also the international tourists as well. Despite the increase in demand for certification, the statistics released by JAKIM in 2017 showed that there were only 442 certified Halal hotel out of 4661 hotels in Malaysia. This could be due to numerous challenges faced by companies in obtaining the certification. One of the main challenges of obtaining the certification is due to the lack of understanding of the Halal certification process itself. Hence**,** this paper attempts to introduce a determinant success factors framework of Halal certification supply chain related to the hotel industry. A quantitative study was adopted to achieve the objective. The findings revealed the determinants factors. This framework can be used for hotels to improve their understanding as well as their initiatives in obtaining the Halal certification.

Keywords— *Halal Certification, Shariah-compliant, Hotels, Supply Chain*

1. Introduction

Food is not only a necessity for human beings. In fact, food also represents the culture and identity of people or a group of individuals. From a Muslim point of view, a Muslim individual is obliged to strictly follow the Shariah law, which in this context, requires every Muslim to eat and drink only Halal food. The issue of Halal food is an extremely important aspect of any Muslim community, as the injunction to eat Halal food is a fundamental aspect of the Islamic way of life decreed within the Qur'an [1]. The term Halal, in general, refers to the description of things or actions permitted by Shariah law without punishment imposed on the doer [2]. Specifically, the definition Halal food and goods according to the Trade Descriptions Order 2011 and Order 2012 (Amendment) are:

a. neither is nor consist of or contains any part or matter of animal that is prohibited by Shariah law for a Muslim to consume or that has not been slaughtered in accordance with Shariah law and Fatwa;

b. does not contain anything which is impure/najs according to Shariah law and Fatwa;

c. does not intoxicate according to Shariah law and Fatwa;

d. does not contain any part of a human being or its yield which is not allowed by Shariah law and Fatwa;

e. is not poisonous or hazardous to health;

f. has not been prepared, processed or manufactured using any instrument that is contaminated with najs according to Shariah law and Fatwa;

g. has not in the course of preparing, processing, or storage been in contact with, mixed, or in close proximity to any food that fails to satisfy paragraph (a) and (b).

The demand for Halal food is expected to increase tremendously in the future. This is in conjunction with the increase of Muslims population worldwide. Currently, the statistics show that 25% of the world population are Muslims. By the year 2030, the Muslims is expected to be 2.2 billion people [3]. This fastest growing religion would certainly give a significant impact on the Halal industry.

The growing number of Muslims has created new markets in line with the new demands for Halal products. One of the new promising market is the Halal tourism. This market is valued to be worth

USD 238 billion by 2019 [4] and the fastest growing segment in the travel industry. In the context of Malaysia, Malaysia is among the main destinations for Muslims. In fact, Malaysia is ranked number 1 destination for Muslim travellers [5] Muslims travellers usually came from countries such as the Saudi Arabia, Kuwait, Oman, UAE, and Iran. In 2014, it was estimated 3.2 million Muslim tourists visited Malaysia.

2.0 Halal Product and Services in Hotel Industry

In regards to this surging demand for halal products, the interest of hotels in Malaysia to Halal certification is also marginally increasing from year to year. The hotels, however, are subject to go through a rigorous auditing process before obtaining the certification by the authority or certification body. In doing so, hotels need to ensure the tourist service is designed to meet the demand of the Muslim tourists and more importantly to provide products and services in accordance with the requirements of Shariah law. In the Halal certification procedure, hotel is categorized food premise, which prepare, serve and sell food to its customers.

Interestingly, the Halal products and services are not only solely meant for Muslim consumers. The non-Muslims seem to welcome and accept the products and services as they are perceived as highly hygienic and safe for their consumption. In the case hotel industry, for instance, 80% of Al Jawhara Gardens Hotel, a Shariah-compliant hotel, are non-Muslims [6]. The non-Muslims who live in a multi-religious social-environment like Malaysia are mostly aware of Halal food and understand about the safety of the Halal food [7]. Halal Development Corporation (HDC) also has indicated that the acceptance level towards Halal product is increasing not only among the Muslims but also among the Non-Muslims [8].

Halal means not only the food, but also the whole standards of procedures for the hotels should also comply with the Halal certification system. Halal certification system refers to a complete process where a trusted organization certifies that the products and or services offered by a company comply with the specified Halal standards. In other words, the supply chain of every stage of food processing is thoroughly examined from farm to table. The Halal certification uses the following materials as the main references for decision on the Halal status:
  i.   MS 1500: 2009 Halal Food – Production, Preparation, Handling and Storage – General Guidelines (2nd Revision);

  ii.   Food Act 1983 (Act 281), Food Regulations 1985 and Food Hygiene Regulations 2009;
  iii.   Decisions of the National Fatwa Council for Islamic Affairs or Fatwa decreed by the states; and
  iv.   Other related guidelines and regulations.

Despite the promising growth and surging in demand of the halal tourism sector, the number of certified hotels in Malaysia is still low compared to the number of total hotel establishment in Malaysia. According to the statistics released by JAKIM, there were only 442 certified Halal hotel against 4661 of the total registered hotels in the country. This was only equivalent to 9.5% of the total hotel industry. In other words, this simply means that there is still huge room for improvements that can be implemented to tap this particular market.

In the meantime, studies on Halal certification in the hotel industry are still rather limited. Most of the previous studies have been concentrating on the issues of consumers, Halal definitions and the issue of the Halal food itself. Halal food science and agriculture have been dominated most of the previous studies in the Halal-related research [9]. Studies in the framework of Halal supply chain as a whole have yet to be discovered. The Halal certification is not simply about the end product (food) but it also includes other processes until it reaches the end customers. This means the supply chain of the product and services in the hotels must be Halal in order to meet the Shariah law.

In order to fill up this gap, this study mainly seeks to develop a framework of the Halal certification practices aligned with the supply chain of a hotel industry. This framework can also be used for hotels to determine the success factors of Halal supply chain for the hotel industry.

3.0   Methodology

For the purpose of developing the framework of Halal certification practices, the data were collected from the employees of a hotel. A total of 60 employees for various positions in the hotels. This study employed the quantitative approach and the data was anchored using the five-point Likert scale questionnaire. The questionnaire consisted of three major sections, namely demographic profile, Halal certification practices and hotel performance. The response rate was 90%.

Statistic Package for Social Science (SPSS) was utilized for the analyses. The exploratory factor

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analysis (EFA) and reliability analysis was used to assess the validity and reliability of the measurement scales [10] and descriptive statistics was performed to determine the usefulness of the data set [11]. Finally, regression analysis was carried out to determine the significance of the proposed framework.

4.0   Findings

The findings showed that the model was significant. The adjusted R^2 value was 0.812, indicated that the 81 percent of the variance of independent variables significantly explained the hotel performance. The F statistic (F=14.779) was also statistically significant (0.000) at the 0.05 level. The following section discusses the findings related to the determinant factors for successful Halal supply chain in detail.

5.0 Discussion

5.1 Halal Certification Supply Chain Practices

JAKIM or Department of Islamic Development of Malaysia is the certification body for Halal at the national as well as at the international levels. Locally, JAKIM also works with the state religious departments called the State Islamic Religious Department (JAIN) and State Islamic Religious Council (MAIN). There is only one Halal logo issued by these certification bodies. Interestingly, JAKIM is the only government certification body institution in the world.

The findings show Halal supply chain framework would include the following 12 key practices: (1) Halal documentation, (2) management responsibility, (3) raw material, (4) location, (5) exterior area, (6) premise, (7) facilities, (8) tool and equipment, (9) staff character and staff policy, (10) pest control, (11) waste management and (12) packaging and labelling. These practices would determine whether or not the Halal status will be awarded to the company by the authorized certification body. The next section discusses each practice in detail.

5.1.1 Halal Documentation Practice

All documentations on Halal must be organized and kept in proper record in accordance to HAS 2011 for references. Important information such as the profile of the hotel, registration number, standards and operating procedures, purchasing records for each material used in the kitchen and training programs conducted on Halal must be well maintained and current. In fact, information on the processes, particularly in the area of kitchen and storage and the certification of ingredients is critical to be kept in place [2]; [12]. The evidences that the materials used are from Halal source will highly determine the success of the Halal certification.

5.1.2 Management Responsibility Practice

Hotel management is responsible for making decisions and taking appropriate actions in an organization. In the Halal supply chain, management responsibility refers to those decisions and actions taken by the management in ensuring the Halalness of products and services. This includes the establishment of dedicated committee of employees on Halal which must consist of Muslim representatives and the chief chef. This is called as the "Internal Halal Committee". This committee is responsible for the internal Halal Assurance System in the hotel and adopting HAS 2011 as the main reference.

In addition, the hotel should also appoint a Halal Executive officer to manage all related Halal issues that may arise in the hotel. Halal Executive is a Muslim, Malaysian citizen with Islamic education background or has a certificate of Halal Executive. He or she is solely responsible for the compliance of Halal rules and procedures.

Furthermore, the hotel management is responsible in making the Halal quality system as a culture in the company. Halal matters should not be in the kitchen or restaurant areas only, instead all employees should be aware and follow the procedures of Halal. Hence, training on Halal principles and awareness programs must be continuously conducted by the management. The training should not be a one-off event because the Halal issues are dynamic and employees need to be always kept updated from time to time. The Malaysian Halal Certification Manual Procedure should be the main training material for the training.

Last but not least, hotel management is responsible for ensuring sufficient resources for implementing the Halal system. Resources include the manpower, facility, fund, and appropriate infrastructure in making sure the Halalness of products and services are preserved and complied throughout the entire supply chain [13].

5.1.3 Raw Material Practice

Raw materials used in the production of the final product are one of the most essential items in determining the Halal status of a product. In relation to this, hotels must provide all ingredients and additives of their products as well as their supplier's identification. In other words, the supply chain of the ingredients must first be identified. A Halal certified supplier is required in supplying these raw materials. All materials must be declared in the application form. It is important to note that the meat-based raw materials should be the main emphasis by the hotel. Chicken and beef should be only obtained from the Halal certified slaughtering houses either in Malaysia or imported directly from the international suppliers. In addition, liquor and materials sourced from it is strictly prohibited to be in the kitchen as well as the storage area. In sum, the hotel must ensure the raw materials/ingredients:

    i.   sources to be Halal and safe
    ii. from animal to have a valid Halal certificate
    iii. sources of imported animal-based come from approved plants by JAKIM and Department of Veterinary Services
    iv. without halal certification to have complete specification.
    v.   are not stored with the non-Halal raw material/ingredients.

5.1.4 Location Practice

Location of the hotel or the hotel's restaurant would also influence the Halal status as well. The pig farms and waste disposal area should not be anywhere near the hotel's location. A 5 KM radius is the minimum required distance (if any). This is to prevent cross contamination that may come from the pig farms or wastes through hotel workers and equipment used in the production of products.

5.1.5 Exterior Area Practice

In addition to the location of the hotel, the surrounding areas are also subject to be examined. Clean areas that comply with industry standard indicate good exterior area practice by the hotel management.

5.1.6 Premise Practice

The premise and location are two different things. The term premise refers to the physical infrastructure available at the hotel and the process flow layouts, while location refers specifically to the geographic location of the hotel. The premise will include the building itself, floors, drainage systems, walls, ceiling, window, doors, changing or locker rooms, ventilation and lighting system at the hotel. The facilities and amenities must be always kept hygienic and clean, and should be prone to the Halal-oriented operations.

A Halal-oriented operations requires the hotel/restaurant to have a smooth and proper process flow that can minimize the associated risks that may contaminate the products. Hence, proper hotel's layout, particularly the restaurant layout is essential. The layout should ease the production and employee flow in making the product. Good hygiene and safety practices are the main considerations that should be the top priority of the hotel's management. This practice should be in line with the Shariah law and Good Hygienic Practices (GHP). In regards to record keeping, the production record of food must be always updated.

The management and workers are not allowed to bring the Non-halal food/beverages into the premise compound. Hence, an effective control system to oversee the non-Halal sources to enter the premise is highly critical. In addition, tool and element of worship are not allowed in the processing area or certified premise.

5.1.7 Facilities Practice

Meanwhile, facilities include the water supply, storage, sinks, toilets, freezing rooms, and transportation used in the production of the products. These so called "facilities" must be sanitized and clean from *najs*. They should also be separated with other non-Halal materials used on the premise.

For instance, the storage room for the kitchen should have two distinct areas where the wet and dry raw materials are kept organized separately. This is to avoid cross contamination and improve the hygiene of the final products.

5.1.8 Tool and Equipment Practice

Tool and equipment such as kitchen utensil and machines used in the production of Halal products must be clean and free from *najs*. The equipment must not also contain any hazardous materials that may result in side effects to the food and beverages.

In addition, the use of appliances/brushes from animal hair is strictly not allowed. The tool and equipment should be only used for Halal food production and be placed properly, neat, tidy and safe. If they are used or in contact with *najs Mughallazah*, they should be religiously cleansed (*sertu*). Najs Mughallazah is categorized as severe and it may be derived from dogs, pigs, and their descendents.

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5.1.9 Staff Character and Policy Practice

The hotel's staff character is also another important aspect that should be highly emphasized by the management. The hotel is required to appoint a minimum of two permanent/ contract Muslim worker in every kitchen/restaurant. The workers should be available for every shift in the operating section of the kitchen.

It is a requirement in Halal certification for the staff to practice code of ethics and Good Hygienic Practices (GHP). Additionally, they should wear proper attire for the job. Cleaning schedules for each staff should be prepared and properly monitored. Certain vaccination associated with food handling is also required for staff. In other words, the staff should always make sure that they are clean, wear proper clothing and shoes. Hence, they should be continuously trained by the management on the Halal-related issues to refresh and extend their knowledge on Halal.

In relation to the staff welfare, the management is encouraged to provide a suitable praying area for the Muslims staff, changing room and pantry. The management shall also give permission for them to perform the daily prayers and Friday prayers of men.

5.1.10 Pest Control Practice

The hotel kitchen/restaurant should be always be clean. Hence, a regular pest control activity is essential. This is to prevent pest from entering the premise and further eliminate the potential breeding of the pest within the premise.

5.1.11 Waste Management Practice

Waste management is related to the activities to dispose wastes from the hotel's kitchen/restaurant. The hotel should manage the waste effectively and store the harmful material substances appropriately away from the Halal food.

5.1.12 Packaging and Labelling

Even though a hotel may not directly involved in packaging and labelling of its products, the hotel's restaurant may also do promotional activities to promote its products. In relation to this, the Halal logo is not allowed to be used on promotional products in conjunction with the non-Islamic festivals or with the non-Islamic religious emblem. Furthermore, the packaging materials should also be deemed as Halal.

Figure 1 shows the summary of the 12 practices of Halal certification supply chain as discussed above.

These practices are useful for hotels for assessing the current practices consequently obtaining Halal certification particularly from JAKIM.
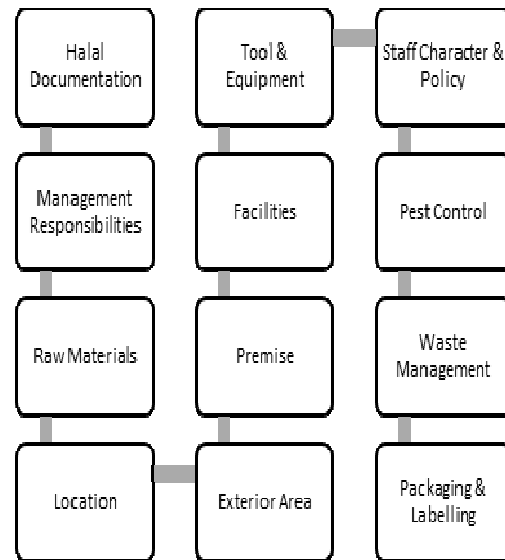

Figure 1. Halal Certification Supply Chain Practices Framework

6.0   Conclusion

The increasing number of Muslim tourists to visit Malaysia has created an enormous impact of the Halal market, particularly in the tourism sector. Hotels are now beginning to have greater interest on the Islamic practices due to potential benefits expected to yield from the Halal market. However, Halal certification is a religious matter, and hence Shariah law must be strictly adhered. This may be a challenge to the non-Muslims hotel's owners to understand the principles that need to be followed. Furthermore, Halal certification is a process from purchasing the raw materials until the final product reaches the customers. It also embeds the culture and policy of Halal to the entire hotel. This may be another challenge to the hotel due to the complexity of the hotel's operations. The article provides the framework of Halal supply chain for the hotel industry. It is hoped that this framework would enable the hotel to further understand the Halal certification and develop initiatives to be Halal compliance.

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