

A Qualitative Discussion of Malaysian Halal Standards

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Abstract

Malaysian Halal practices and standards are considered one of the strictest in the world. The Halal practices and standards in Malaysia were examined by a search of relevant academic literature. Research publications were searched in Google Scholar search engine using appropriate search terms and phrases. Some of the relevant papers were reviewed in the form of a qualitative discussion rather than a quantitative meta-analysis based on international reviewing standards. Halal certification and compliance is an important part of the Malaysian food industry. The Malaysian Halal standards and practices are considered one of the best in the world. However, there are some important issues with Halal standards and practices in Malaysia. Some of these include ineffectiveness in the Halal certification process, lack of consistent standards for labelling of Halal items, variations in compliance levels, lack of traceability in the Halal supply chain, and Halal related disclosures. Addressing these issues will make the Malaysian Halal food standards and practices truly of international repute. This should also translate to greater Halal related revenue for Malaysia in various forms.

Keywords: Malaysia, Halal Standards, Practices, Compliance

Introduction

There are many definitions of Halal meat. However, one of the common elements in the definitions is that Halal is that it is meat prepared according to the Islamic law. Shafie and Othman (2006) quoted the definition of Halal from the Malaysian Department of Islamic Development which is the country's central Islamic authority. Shafie and Othman (2006) quoted "Under JAKIM's guidelines, Halal is defined as food not made of, or containing parts of animal origin which Islamic law forbids to be consumed. Food is Halal if it does not contain or come into contact with anything regarded as filth e.g. carrion, alcohol, pork, blood, faeces, urine. It must also be prepared, processed or manufactured using equipment untainted by anything unclean. The slaughter of animals must be performed by a Muslim of sound mind and maturity, who fully understands the fundamentals and conditions related to this activity. The animal must be alive at the time of the slaughter and must be among those which Muslims are allowed to eat. The slaughter must be done with a sharp device –but not something made out of bones, nails or teeth – and the animal's respiratory tract, oesophagus and jugular vein must be severed. Processed food is Halal if it is not made up of or does not contain parts or by-products of animals which Muslims are forbidden to consume. It should not made up of or does not contain parts or by-products of animals which Muslims are forbidden to consume. It should not contain what the law terms as filth, and should be prepared, processed and manufactured using untainted equipment. In preparation, processing and storage, halal food should not come into contact with or be in close proximity to that which is not halal. Hygiene and sanitation: The premises for manufacturing, preparing and selling food and drinks must be clean and free of elements which may cause infestation or flies, rats, cockroaches, lizards and other such pests. Factory workers must be healthy, and wear clean,

protective clothing to avoid contamination. Equipment used must be washed frequently to ensure cleanliness. Washroom facilities must also be clean.”

Muslim population is spread out across the world, and this gives rise to a need for Halal foods to be available in such countries. There is no single authority which oversees the production, distribution and compliance of Halal food items. Each country has its own certifying authority, methods of animal feeding, slaughtering methods etc. Muhammad et al. (2009) stated that Malaysia has marketed itself as a Halal hub by connecting Halal supply chains and assurance standards. The aim of this review is to examine the current Halal practices and standards in Malaysia. The outcome of such a review will be that it will provide a balanced overview of the current status of Halal practices and standards in Malaysia.

Methodology

The Halal practices and standards in Malaysia were examined by a search of relevant academic literature. Research publications were searched in Google Scholar search engine using appropriate search terms and phrases (and combinations thereof) like ‘Malaysia’, ‘Halal Practices’, ‘Halal Standards’, ‘Halal Compliance’ and ‘Halal Certification’. A total of 65 relevant papers were obtained by this method. Some of these papers were reviewed and the results are shown in the subsequent section. The idea of this paper is a qualitative discussion rather than a quantitative meta-analysis based on international reviewing standards.

Review

Marzuki et al. (2012) conducted a mixed-methods study of restaurant managers in Malaysia. The conducted a national mail survey on 2,080 restaurant managers along with 33 interviews. The authors found that (pp.195) “restaurant managers have high expectations toward halal certification as it signifies attributes such as trust, safety, hygiene, and also perceived by participants as an important aspect in the food service industry.” This indicates that Halal plays an important role in the fabric of the Malaysian restaurant industry.

Malaysian Halal standards are considered one of the strictest in the world. According to Halim and Sakkeh (2012, pp.8), “In Malaysia, Halal Standard is governed by the Development of Standards Malaysia, as the national standards and accreditation body of Malaysia. However, Standards Malaysia has appointed SIRIM Berhad as the as the sole National Standards Development Agency manages the development of Malaysian Standards including those related to Halal. The main function of Standards Malaysia is to foster and promote standards, standardisation and accreditation as a means of advancing the national economy, promoting industrial efficiency and development, benefiting the health and safety of the public, protecting the consumers, facilitating domestic and international trade and furthering international cooperation in relation to standards and standardisation. Halal standards in Malaysia are developed through consensus by committees which comprised balanced representation of producers, users, consumers and others with relevant interests, as may be appropriate to the subject of hand. To the greatest extent possible, Malaysian Standards are aligned to or are adoption of international standards.” This indicates that rigorous processes and protocols are in place to ensure Halal compliance in Malaysia.

Bohari et al. (2017, pp.1) conducted a SWOT analysis of the Halal food business in Malaysia. They found that “the industry was characterised by 16 strength factors, 18 weaknesses, nine opportunities, and nine threat factors.” Some of the strengths were found to be modern and

dynamic economy, capacity to meet the demand, and progressive Halal industry. Some of the weaknesses were lack of professionalism, lack of legal, cultural and social knowledge of international customers, supply inconsistencies, and global economic crises. Some of the opportunities that were identified were growing Muslim population around the world, rising food production costs in EU and USA, and online marketplaces. Some of the threats that were identified were: stiff competition from major food producers, low selling prices, and high energy and raw material costs. The authors concluded that (pp.8) “In conclusion, the Malaysian halal food industry is characterized by a rather balanced spread of strength, weakness, opportunities and threat factors. To enhance its competitiveness further the industry needs to incorporate advanced business processes and practices designed to better serve the rising expectations of customers, suppliers and other stakeholders. Undoubtedly, this moving forward of the Malaysian halal food industry will need a more comprehensive harnessing of the ICT and the online marketplace.”

Van der Spiegel et al. (2012) suggested that conducted a review of the current Halal certification and assurance standards around the world. They suggested that appropriate assurance standards of halal food products should be in place, and customers should be provided with proper labelling. This is something that the Malaysian industry can adopt.

Talib et al. (2010) studied the conceptualizations on the dimensions for Halal orientations for food manufacturers in Malaysia. They found that even though the Malaysian standards of Halal are one of the world’s best, the compliance levels vary. This has led to the Muslim customers in Malaysia questioning the effectiveness of current Halal orientation adopted by Malaysia’s businesses. The authors concluded that it is important for the Halal stakeholders in Malaysia to address these issues so that Malaysia can capture the international market on Halal foods.

Noordin et al. (2009) studied the value chain of the Halal certification system in Malaysia. They also confirmed that the Halal systems in Malaysia are one of the best in the world, but there are some issues as well. One of the major issues is the inefficiency of the Halal certification process. The authors detailed both applicant and internal Halal officer inefficiencies (pp.11). The applicant inefficiencies were described as “Lack of understanding of the Halal procedures; Delay in submitting the supporting documents, Delay in making payment of certification fee, Unaware of the acknowledgement that has been sent to them through the e-mail or e-halal information system.” The internal Halal officer inefficiencies were described as “Lack of expertise as new staffs with little experience of the system, contribute to the slow processing and without a tight coordination, will minimise the number of Halal certificate approval., Unsystematic filing system also contribute to the inefficient operational., Premise inspection may require more than a day to be completed, especially for the multi-national industry and hotels., Delay in receiving lab test result.” The authors suggested that resolution of these issues will make the Halal ecosystem better in Malaysia.

Poniman, Purchase, and Sneddon (2015) have also pointed out having a traceability system for Halal foods ensure accountability. The main finding of Poniman, Purchase and Sneddon (2015) was that “.... individual’s perception of Halal idea logic is aligned to the roles they perform. These perceptions were impacted by the specific objectives or business interests of each organization. Facilitating organizations also perceive that traceability systems are a strategic tool in the Halal food processing industry.” Additionally, they stated that the practical implications of such a traceability system would be “The research provides insights into how to improve existing understanding of the Halal idea logic within Halal food business networks and the benefits of

implementing traceability systems in Halal food production. Joint activity between firms creates a network effect, where the value created is greater than that which the firms alone can create.” These findings are applicable to rectify some of the compliance and accountability related problems faced by the Malaysian Halal industry.

Wan, Saidi and Razak (2014) studied the Halal related disclosures of Malaysian companies in their annual reports. Reporting on a company’s Halal practices is a way of being more accountable in Halal related matters and this can be made a part of the company’s corporate social responsibility (CSR). Wan, Saidi and Razak (2014) commented that “There are Malaysian public listed companies specifically in the food industries that disclosed halal related information in their annual reports. However, the involvement by overall companies in food industries is very few. The level of disclosure by companies that provided halal related information is relatively low as compared to other CSR disclosure such as community, environment or employees. Nonetheless, disclosure areas devoted the halal related information indicate that halal issues are seriously considered by the companies and had been integrated as part of the business operations. On the other hand, the content of disclosure focused on obtaining confidence for consumers where the companies stress on the accreditation and approval achieved from others. Even though halal is not an issue that is taken lightly by companies, providing halal related information should be consider as equally important to enable consumers to be abreast with halal issues apprehended by the companies. Outcome of this study provided information for shareholders as well as the stakeholders to play active role to ensure the companies disclose halal related information, so they can be held accountable for their actions and decisions. Further researches on this matter are necessary to encourage disclosure of halal related information by companies as part of their CSR disclosure as well as further analysis by numerous researchers.” In a separate Malaysian study by Wan, Bakar and Razak (2014), it was found that stakeholders of companies can influence the companies to be more Halal-accountable. Wan, Bakar and Razak (2014) quoted “Muslim consumers need to heighten their power as stakeholders to ensure their needs and demands will be considered by companies. In doing so, halal related matters should always be considered as top priority in choosing food products. Wide range of social media such as Facebook, Twitter, Whatsapp and others should be utilised to the benefits of Muslims by informing others of any unethical activities by any company. Any confusion with regards to the ingredients should be clarified firmly with the companies. Changing the purchasing behaviour by taking more conscious act upon halal issues would demonstrate the seriousness of Muslim consumers in making sure the food products that are served to them are halal and according to the Islamic principle. As the stakeholders, make them as one who holds greater power and control over companies’ resources. It leaves them with no other choice but to fulfil the needs of Muslims consumer.” This indicates that a combination of Halal disclosures and pressures from stakeholders to do so can be an effective approach to ensure Halal compliance.

Conclusions

Halal standards and practices are an important part of the Malaysian food industry. The Malaysian Halal standards and practices are considered one of the strictest and best in the world. However, there are some important issues with Halal standards and practices in Malaysia. Some of these include ineffectiveness in the Halal certification process, lack of consistent standards for labelling of Halal items, variations in compliance levels, lack of traceability in the Halal supply chain, and Halal related disclosures. Addressing these issues will make the Malaysian Halal food

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