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## GLOSSARY OF TERMS

IHIA	-	International Halal Integrity Alliance
HDC	-	Halal Industry Development Corporation
JAKIM	-	Jabatan Kemajuan Islam Malaysia
PPIM	-	Persatuan Pengguna Islam Malaysia
YES	-	Yayasan Ekonomi Sejahtera
HACCP	-	Hazard Control Point Analysis and Critical
HCP	-	Halal Control Point
HALAL TAP	-	Halalan Toyyiban Assurance Pipeline

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## **CHAPTER 1**

### **INTRODUCTION**

This study explores the need of halal integrity in transporting halal goods using land transportation. Halal integrity means that the products are being sourced, produced, processed, stored and distributed in a manner coherent with the Islamic values, where these are in line with modern and universal values such as high quality and safety, hygienically produced with respect for animal welfare and fairly traded (Sungkar, et. al., 2008). The possibility of halal product be contaminated during delivery will be investigated. This study will take into account the concern of two different kinds of stakeholders, namely the Malaysian Islamic Authorities and Islamic Consumer Associations. These two groups had been chosen as they represent the key stakeholders that play an important role in deciding whether there is a need for development and implementation of halal transportation in Malaysia. The outcome of this study will determine whether there is a need of halal integrity to be controlled or monitored during the halal product being transported or, no such cross-contamination can be transpired during the transportation and halal integrity control and monitoring is not required.



## 1.1 Background of Problem

يَتَأْتِيهَا النَّاسُ كُلُّوْا مِمَّا فِي الْأَرْضِ حَلَالًا طَيِّبًا

*“O ye people! Eat what is on earth, lawful (halal) and good(tayyib)...”*

(Surah al-Baqarah, 2:168)

In this era of technology, the concept of halal can no longer be restricted to simply meaning food that is ‘pork free’ in its physical existence. From above verse, it is understood that Islam sets two essential criteria for food consumption and other applicable products, namely, halal (permissible by the Syariah) and *tayyib* (of good quality). It is a duty for each Muslim to ensure that what they eat and consume comes from halal sources. They must also verify whether the ingredients used are halal. In addition, they must also establish that the whole preparation process that was undergone and how the product is handled are not contrary to Syariah. This shows the importance of assurance in ensuring the integrity of halal products can be maintained throughout the product supply chain, from the producers till the consumers. The main element in ensuring halal products remain halal and *tayyib* when they reach the consumers is logistics, particularly transportation. The reason being, there is a high possibility of halal products being cross-contaminated during delivery or transportation processes. This is when a halal product may have physical contact with non-halal substances and as a result the halal product turns or becomes haram or non-halal.

Halal transportation is a fascinating new area, where many innovations can be expected over the coming years. Halal transportation embeds sustainability and integrity into the supply chain, which will receive global acceptance (Tieman, 2009). Halal issues have been discussed and obtained a great attention by our former Prime Minister (Tun Dr. Mahathir Mohamad) in 2003. Realizing the importance of halal and its potential as a business opportunity, he attempted to achieve and gain the world’s recognition in having Malaysia as an International Halal Hub, plus penetrating the global market. In achieving the objectives, Malaysian trade officials have set up an agency that will look into the halal food governance in order for Malaysia to play a

greater role to become an international halal hub. Halal hub is a global centre for the manufacturer and export of halal goods covering logistics and supply chain mechanisms. According to IslamOnline and New Agencies ("Malaysia launches Halal Hub," 2006), halal hub plan was initiated by Malaysian Government on 10th April, 2006, with the support of Organization of Islamic Countries (OIC). The Halal Hub business orientation focuses on food sector and subsector (i.e. cosmetics, health supplements, personal hygiene, toiletries and even personal accessories). Halal market segment is tremendous. As Tun Abdullah Ahmad Badawi has mentioned, "The vast business and commercial potential of the halal sector is beyond doubt, with a captive market of 1.6 billion Muslims and an estimated market size of more than US\$600 billion (Euro442 billion)" (Ng, 2009).

The halal market has gone through a rapid expansion from both production and retail side. On the other hand, international halal gateways are being developed like Malaysia and Netherlands to better facilitate cross border flows of halal products. As the integrity of halal goods becomes more important than ever, the logistics control plays a key role in facilitating the manufacturing, logistics and trade of halal goods throughout the world.

## **1.2 Problem Statement**

In order for Malaysia to become a renowned International Halal Hub, halal certification for logistics services should be designed and developed. One of the major components of these halal logistics services is the operation of various type of road transportation (e.g. trucks, lorries, van, etc). For halal goods delivered using any transportation modes, there are risks of these halal goods can turn into non-halal during the transportation process. It is extremely important that halal products is segregated from non-halal products. This is to avoid cross contamination and mistakes and to make sure that operations are consistent with the expectations of the consumer and other stakeholders. Cross contamination is a general term to describe the state of being contaminated in terms Syariah perspective, either by contaminant or precursor which affects the halal status. Contaminant can be described as any non-

halal or detrimental (*mudhorat*) substances that are intentionally or unintentionally added which render the halal product as non-halal. Therefore, halal has in particular implications for storage, transportation and handling of halal products.

Until now, there are several studies has been conducted on halal product supply chain. One of the prominent study done by Riaz and Chaudry (2004), gave emphasis on the designing and developing halal control points at selected stages of the supply chain (e.g. producing, breeding, livestock farming, slaughtering, meat processing and retailing). Nevertheless, the study lack in the area of halal product transportation/movement that is crucial in transporting these products from one control point to another. It is very surprising that insufficient study was bring about in this area since transportation play a very important role in the movement of the goods that will be consumed by Muslim consumer. Why is that so? Is it because transportation had been overlooked or there is no need for halal assurance to be applied at transportation point? Therefore, a study is needed to explore and investigate the need of halal compliant transportation for delivering halal goods. This study can act as a foundation in designing and developing a general guidelines or standards that provides assurance for products, goods and/ or cargo delivered from one custodian to another is in accordance with Syariah Law requirements, thus preserving the Syariah Law integrity of the products, goods and/ or cargo.

### **1.3 Research Objectives**

To fulfill the questions above, several objectives have been outlined as below:

1. To gather the opinion of the Muslim community and consumer association regarding halal goods transportation. It is important to know whether they really concern about halal integrity in transporting halal goods. Among these organizations is the Persatuan Pengguna Islam Malaysia (PPIM).

2. To investigate the existence of any kind of halal transportation guidelines, standards, policy, etc.
3. To acquire the halal guidelines according to Syariah Law which all transportation companies need to follow in order to maintain the integrity of halal goods from the Malaysian Islamic Authorities (e.g. Halal Industry Development Corporation (HDC), Jabatan Kemajuan Islam Malaysia (JAKIM), and International Halal Integrity Alliance (IHIA)). To study the risk of halal goods turning into non-halal.

#### **1.4 Research Questions**

This study is been carried out based on the researcher curiosity with respect to the research problem mentioned earlier. Among other unanswered questions related to this problem are:

1. Are the Islamic consumers concerns on how the halal goods are being transported?
2. Are there any possibilities of cross-contamination during transportation?
3. Is there a need of halal control during transporting halal products to avoid cross-contamination?
4. Is there a need of halal transportation guidelines or standards on this halal control?
5. Are there existed any halal transportation guidelines or standards currently?
6. Is there a need of halal compliant logistics service provider to ensure the integrity of halal product can be maintained?

## **1.5 Theoretical Framework**

This study will employ the theory of socio-technical construction and quality coordination mechanism for halal credence quality proposed by Boone and Verbeke (2008) as the foundation for the research. This theory posit that socio-technical construction of halal is informed by dietary laws, values or religious prescriptions, which act as a means of definition for the desired quality. This socio-technical construction is laid down in a set of principles, standards, and rules to be applied and monitored throughout the production process and the supply chain, as proposed by Riaz and Chaudry (2004) for the specific case of halal meat using Hazard Analysis and Critical Control Point (HACCP) as an assurance systems for halal quality. Further description regarding the theory will be discussed in Chapter 2 (Literature Review).

## **1.6 Scope of Research**

1. This study only covers the need and concern of halal industry in Malaysia.
2. This study only focuses on land transportation as the transportation mode. Land transportation particularly motor carrier is the most common and popular means of goods transportation for domestic halal products. It provide flexible delivery and due to that, it has dominated freight moving from manufacturers, wholesalers and warehouses to retail stores and sometime direct to consumer. The risks of cross-contaminations in sharing truck or containers, the use of truck that previously carried non-halal product and during the loading and unloading activities without proper packaging specifications are very high.

3. This study target respondents consisting of the representative from two groups of respondents. These groups are the Authorities which consist Islamic Authorities (JAKIM) and Halal Authorities (HDC and IHIA); and Islamic Consumer Association (PPIM). Since this study is exploring the need of halal control in transportation, the demand and the concern of the consumer regarding their halal product need to be observed. As the authorities that enforce and implement the guidelines and standards on how halal product should be handled, JAKIM, IHIA and HDC are the rightful organization to be studied.

### **1.7 Research Assumptions**

In this study, several assumptions have been made. Among these assumptions are:

1. Consumer Associations and Halal Authorities understand the concept of halal.
2. Feedback from the case study representatives will portray the feedback from the whole populations.

### **1.8 Limitations of Research**

1. One of the limitations in this study is the type of sampling technique being used which is the purposeful maximal sampling. Even though it is not the best sampling technique, but it is most suitable technique for this research since the researcher need to select cases that show different perspective various stakeholders of halal transportation on the problem and processes regarding the delivery of halal goods.

2. Due to limited study time, the data collection and interviews will only be done with representative of each respondent group and not to the real population of each group.

### **1.9 Expected Contributions**

The outcome of this study should provide answer whether there is a need for halal guidelines, procedures or standard to be developed in order to maintained the integrity of halal goods during transportation process that abide by Syariah Law.

The researcher will reveal the existence of any transportation standards and the details of that standard. With the existence of the standards, the key player of halal product supply chain is able to adopt and incorporate it into their operations.

### **1.10 Significance of Research**

There are several reasons on why this study must be carried out as stated below:

1. This study will confirm whether the current process of transportation able to change the halal product status to non-halal.
2. This study will provide the foundation for further implementation of halal transportation guidelines if the need is confirmed.
3. Will help in giving the assurance to Islamic consumer in term of their confidence in the integrity of the halal product which they consume.

### **1.11 Research Design**

Since this is an exploratory study to know whether there is a need of halal control in motor carriers, the research will employ the qualitative method. Qualitative method is chosen as detail explanation and clarification is needed from the different group of respondents which can only be obtained by interview. “Qualitative research is a means for exploring and understanding the meaning individuals or group ascribe to a social human problem. The process of the research involves emerging questions and procedures, data typically collected in the participant’s setting, data analysis inductively building from particulars to general themes, and the researcher making interpretations of the meaning of the data.”(Creswell, 2009). Two groups of respondent will be interviewed are the Malaysian Islamic Authorities and Consumer Organization.

Among the problems or issues that need to be explored are to identify variables, guidelines, etc which can be measured. A complex detailed understanding of the issue can only be established by talking directly with key stakeholders. Understanding the context or setting which participant in the study could address the problem or issue.

### **1.12 Chapter Outlines**

This report consists of three chapters. The outlines of each of the chapter are as follows:

Chapter 1 - The purpose of this chapter is to provide the brief introduction towards various issues such as the background of the problems, goals and objectives of the research, scope and limitations, assumptions, theoretical framework of the research, expected contributions and significance of the research and finally the research design.



- Chapter 2      The purpose of Chapter 2 is to discuss the theoretical foundations for the study to be implemented by outlining the important concepts, theories and framework that contribute to design and implementation of the research. It starts with the discussions on the current status and potential of halal industry in Malaysia, the concept of halal logistics and also the idea of halal transportation. The theory of socio-technical construction, quality control and coordination of the credence quality attribute that form the foundation of this research was briefly discussed.
- Chapter 3      This chapter will discuss the case study approach and why it has been chosen as a preferred choice of approach to conduct the study, the research operational framework and the procedures for conducting the study that will be applied for this research.
- Chapter 4      This chapter provides the summary and conclusions of the research.

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