

# **The Muslim Entrepreneur's Doctrine towards Halal Supply Chain Management**

Noormariana Mohd Din<sup>1</sup>,

Tengku Mohd Azizuddin Tuan Mahmood<sup>2</sup>, Mohd Zulkifli Muhammad<sup>3</sup> & Azizah Musa<sup>4</sup>

Faculty of Entrepreneurship and Business  
Universiti Malaysia Kelantan  
mariana.md@umk.edu.my

## **Abstract**

The paper aims to explore the Muslim entrepreneur's doctrine towards halal supply chain management in scope of Halal ingredients, halal packaging and halal transportation in order to ensure the understanding of Halal follows with guidelines from Sharia compliance. This exploratory research paper is based on in-depth interviews to better understand the doctrine of Muslim Entrepreneurs about Halal ingredients, packaging, and transportation in halal supply chain management. The main approaches in this research are also known as the qualitative approach. In exact, the product and market characteristics are important variables in the supply chain management of Halal supply chains. Further exploratory research is needed to measure the understanding of Muslim entrepreneurs. However, further qualitative and quantitative research is needed in order to provide the industry with concrete tools to design effective Halal supply chains.

Keywords: Doctrine, Halal Supply Chain, Muslim Entrepreneurs

## **Introduction**

Halal is an important terms in Islam it ensure the blessing from Allah s.w.t. for everything do in this world. In Islamic law, Halal means "allowed" or "not forbidden". Hence, almost all sources of food from the seas, plants and animals are considered halal except those which have been banned from their consumption. Product Halal also has focused on others scope such as product & services. This scope focused on supply chain services in halal context. Halal food consumers especially from the Muslim population are now more aware and educated in their daily food consumption. Muslim in Malaysia do not only concern about the food ingredients whether it is Halal or not, but also curious about all activities involved along the supply chain whether the products that they purchased were truly Halal all the way (M. S. B. Ab Talib, Rubin, & Zhengyi, 2013). Hence, the supply chain and Halal is intertwined.

A supply chain is a network between a company and its suppliers to produce and distribute a specific product to the final buyer. A basic concept of a supply chain consists of all parties involved in fulfilling a customer request (Chopra and

Meindl, 2013). Thus, to fulfill the customer request, organizations need to manage the production, inventory, locations and transportation among all parties in a supply chain (Hugos, 2006). There are two types of supply chain, which is conventional supply chain and Halal supply chain.

Halal supply chain is a combination of business activities from the point of origin to the point of consumption performed in accordance with the Islamic law, known as Syariah. These activities include warehousing, sourcing, transportation, handling of products, inventory management, procurement and order management which must follow the Syariah Islamic perspectives (Omar & Jaafar, 2011). The halal supply chain includes such activities as, halal ingredients, halal packaging, halal transportation and other halal supply chain activities.

Halal supply chain management can be defined as the business processes of improving a firm's performance and fulfilling customer's demand by supplying products, services and information that are in accordance with Syariah (Tieman, 2013). To fulfill the halal requirements in supply firms supposed to follow the basic principles which stated in MS1500:2009 by Halal Certification Systems in Malaysia. It was described that in producing a halal food firms should give a practical guidelines to the food industry regarding the provision, preparation, and handling of halal food (including any extra nutrition).

Every firm should acknowledge with this matter in ensuring each of the products that had been produced are halal and undoubted. As an entrepreneur the acknowledgement towards something surrounds them are important therefore; it is a practice care and an act of empathy as a meaning of positive acknowledgement (Tompkins, 2015). Basically this is a general meaning of an entrepreneur but the meaning of Muslim entrepreneurs is refers to the personality which influences his/her action and way reacting to the problems which are based on Islamic values (Mohd. Fadzillah Kamsah and Muhammad Zakaria, 2008).

Nowadays, many Muslim entrepreneurs involved directly in halal supply chain, whether involved in import or export. So, do Muslim entrepreneurs today have doctrine towards halal supply chain? Hence, it is assumed that doctrine of the supply chain of halal products for example what and how the products were produced, transported and stored, will impact customers' intention to buy. Therefore, this study is to examine Muslim entrepreneur's doctrine towards halal supply chain management. The understanding will be measure through the scope of halal ingredients, halal packaging and halal transportation.

## **Problem Statement**

The issue that will be discuss which relates with Halal Ingredients in the supply chain management in where it is difficult to acknowledge the halalness of food or other groceries especially when they come pre-packaged or processed (Bohari, Hin, & Fuad, 2017). According to Majid, Abidin, Majid, & Chik, (2015), the problem is the food producers' role are not meet to the halal requirement which producers should make sure it free and should not contain the haram ingredients

in the products. It will be a failure if the producers not follow the guidelines of halalness then it can create the main problem such as the problem belief problem from the customer. Next, problem about Halal Ingredients is due to the lack of supply of raw meat Bohari, (2017) and due to this problem many raw meat is imported from abroad. Then it could create the problem towards a Muslim Entrepreneurs either they doctrine towards the halalness of the raw meat or not that being supplied to their business. Also, are they aware the slaughtering process does follow the Sharia rule or not since the meat being imported. If in the ingredients that been used could be an issue and problem that arise there is a possibility that in the packaging process also have an issue and problem which can be discussed.

Next, the problem that relate to Halal Packaging is using the non-Halal substances in the production of plastics packaging such as animal fats or gelatine (M. S. Ab Talib & Mohd Johan, 2012). This problem occur whether the cow is slaughtered according to Syara' or not in determining the halogenation of gelatine production. If the animals are not slaughtered follows the Islamic rules, then it will become forbidden to use or eat. According to M. S. Ab Talib & Mohd Johan (2012), the issue which related to Halal Packaging in the supply chain management is a food packaging that made from non-Halal substances as it is considered *najis*(unclear). This problem arise when it is prove with non-Halal product in which pork is packaged and labelled it as Halal and this will caused the Muslims consumers doubts towards Halal logo on the product packaging although it has been approved by Department of Islamic Development Malaysia (JAKIM).

Lastly, the issue of Halal Transportation in the supply chain management is sharing containers, poor visibility into what inventory is in which containers, where the container is transit, history of immediate suppliers, history of immediate maintenance and segregation allocation space between Halal and non-Halal goods in same containers increased the risk towards Halal integrity being compromised (Rahim, Sirajuddin, & Mohd, 2018). The problem of Halal transportation is distribution cost is typically the highest single expense, which is usually greater than warehousing cost, inventory cost and order processing cost (Rahim, 2018). The research problem is now restated; there is a little research about Halal Ingredients, Halal Packaging and Halal Transportation which included in Halal Supply Management. Then, the purpose of this study is to reducing the problems that are happening to Muslim entrepreneurs which regarding to the Halal Supply Chain Management.

### **Significant of Research**

The significant of this research is to reveal the level of halalness in the Supply Chain Management in terms of ingredients, packaging and transportation conducted by the Malays entrepreneurs in Kota Bharu, Kelantan. In addition, it is also in order to avoid misunderstanding the public consumer against the doubtful substances used in the ingredients and packaging to produce the certain product. Then, it is to ensure the transportation being used to distribute the goods does not mix the Halal and Haram goods in the same vehicle. Next, this research is aim for

ensure the Malays entrepreneurs practiced the Halal concept in conducting Supply Chain Management in their business.

## Literature review

### Doctrine of Halal Supply Chain

According to Halal Industry Development Corporation (HDC) (2013), the halal supply chain includes all activities, such as procurement, preparation of halal ingredients for manufacturing and delivery for final products to consumer. As for a Halal products and services it does not only be a point during the consumption or purchasing but it should involves in every aspects activities along the supply chain, form farm to fork (Tieman, 2011).

It is important entrepreneurs need doctrine towards halal supply chain as well as it related religion, as they pay more attention to type of products and services that they consume or utilize (Salleh & Ramli, 2011). So, in following the Sharia law the Muslim entrepreneurs should know that halal supply chain covers everything from the preparation an enforcement of halal ingredients to be manufactured and delivering the final product to the customer (Bahrudin 2011).

### Halal Ingredients

Ingredients was defined as a part or components which were together to make it something useful or successful. According to Sahilah, A.M, et al. (2016) the Muslim people would like to make sure the final products containing halal components. In Islam a halal terms is important it is because Islam was really care their followers healthy and lifestyle since they have to obey God's command. . It is because when this unfamiliar components it could create a doubtful and suspicious the terms of halalness (Afshan Azam 2016). Moreover, based on this situation as a Muslim entrepreneur they should notice the containing of ingredients during the process of the products since it is a must to avoid a non-halal ingredients Then the ingredients should be in halal and not contains any harmful component, cleanliness and secure which could be effects human healthy (Badrudin et al., 2012 & Mahiah et al., 2014). The Muslim people are really care with their purchases of products whether it has a halal certificate by JAKIM or not. According to Ireland and Razabjadeh (2011), mostly consumers had a higher concerned towards the ingredients of halal-labelled food and influencing them to be concern on halal food status.

### Halal Packaging

According to Mohd Syazwan Ab Talib & Mohd Remie Mohd Johan, (2012) they said that Halal packaging is lawful substances in produce the container for a product that are free from Haram animals, substances that are considered *najis*, and tools used not mixing with non-Halal elements. The packaging sometimes will be produce by using the gelatine of an animal such as pig and fish. But if the entrepreneurs not thorough the substances that used by manufacturing it will become non-halal and prohibited in Sharia law. Also based on the past researcher, Y. H. Mohamed, A. R. A. Rahim, A. B. Ma'ram & M. G. Hamzah (2016) has stated in their research that the use of packaging design and material should follow

Sharia rule in prevent to use permissible materials it is for to keep the image of halal packaging concept. If the Muslim entrepreneurs not concern towards this matter it could affect other Muslims *ibadah* to Allah s.w.t. So the Halal logo is important to ensure the packaging is clean and safe. It can be confirmed by Macro Tieman (2011), Halal logo that found on the packaging is defined as the Muslims are confident that the products are permitted, allowed or legal to be consumed in their life.

### **Halal Transportation**

Transportation activities can be described as “the act of moving goods or people from an origin to a required destination. It includes the creation of time and place utilities as well” (Coyle et al. 2011). Halal transportation is where the principle of the Sharia is being applied in the transportation chain. By referring to the context of transportation in halal logistics activities, there is a tendency in the delivery process of halal products are the situation whereby the halal food product is being exposed to haram product and hazardous product during the transportation and storage (Mohamad, 2014). So in this study it shown that the transportation activities in Halal logistics play a vital role and are also the stage where cross-contamination between Halal and non-Halal happen. In order to ensure the cleanliness of food so as not to cause doubt among the Muslims it is important to do the segregation between the halal and non-halal products. It were been supported by Omar and Jaafar, (2011); Tieman et al., (2012); Tieman et al., (2013) where these authors suggest to have complete segregation between Halal and non-Halal products or in other words, a dedicated load carrier or transportation fleet.

### **Methodology**

The study is using a qualitative approach, in which, Muslim entrepreneurs in Kelantan, Malaysia were selected for an interview. According to Ilhamie (2014) it said that majority of Muslim people in Kelantan were joint venture in business whether small-scale or large-scale then it becomes a reason why the researcher chooses this selected respondent. It can be proving where the residents in the Kelantan are 17,972,000 people, then the number of Kelantan entrepreneurs is around 46,617 person. So, the selected respondents were from health and beauty, agro farm and frozen food. The reason in choosing this respondent is their business are related in doing the supply chain so the researcher wants to know did this entrepreneurs are applying the Halal concept in their supply chain. The data was collected through the primary data and secondary data by the researchers in order to get a stronger support towards this study.

An exploratory had been used in this research where it is to create the hypothesis as it for assist study. Also it is generally used to explain the opinions and thoughts the research problem or to give intuition on how to do more decisive research (Kumar M., Talib, S.A, T. Ramayah, 2013). In doing the exploratory the researcher give the respondents to speak anything that they understand without forces them to stop. It is because based on their opinion it could help the researcher to improvise their study and can give more idea to explore their study. For the

transcription it was translated from Bahasa Melayu to the English language, next the data will be analysed on the acknowledgement of Muslim Entrepreneurs towards the Halal Supply Chain Management. Through this selected respondent the question that the researcher asked was about the Halal Supply Chain Management, Halal Ingredient, Halal Packaging and Halal Transportation. After the respondent it will be transcript then the data will be import into the ATLAS.ti Version 7.

## Results and Findings

The researchers use qualitative approach to analysis the findings obtained from the respondents. The qualitative approach in which in-depth interview methods has applied for some those individuals to collect data. The researcher also use telephone interview with the respondent that cannot confirm the date and time of interview appointment. The researchers use forms of voice recording during the interview as the proved of collecting the data. The researchers use non-probability sampling technique that is assortment the feedback on an analyst. The type of non-probability sampling which is judgmental sampling that the sample is form by considering the purpose of study along with the understanding of target audience. This research involved three experts in the field of Muslim entrepreneurs doing in Kelantan by focus on food and beverages industry, cosmetics industry and agro farm industry to obtain the data.

The result that the researcher gets from the analysis is that the Muslim entrepreneurs in Kelantan are highly doctrine the Halal Supply Chain Management. Especially towards the Halal ingredients, Halal packaging and Halal transportation since these elements was involved in producing the products. When it comes to the question about Halal the selected respondent answered it based on their perspective and opinion same goes to others questions. So, the result that the researcher can conclude is all the objective in this research has been answered well by the respondent.

As for the RO1 researcher has stated that the researcher want to identify the understanding of Halal among Muslim entrepreneurs in Kelantan. So, the respondents answered that Halal must not contain any syubhah materials, hygiene and the quality of products. Then, for the RO2 the researcher has discussed on analysing the doctrine of Muslim entrepreneurs towards Halal Supply Chain Management. The selected respondents have fulfil the objective of this study by answering that the process of producing the product must be from the start until to the end consumers. The RO3 talked about the researcher want to conclude the awareness of Muslim entrepreneurs towards the Halal ingredients, Halal packaging and Halal transportation. So, based on this objective the respondents said they know that it should contain any non-halal materials, have a certificate by JAKIM, must be clean and not use any harm ingredients.

Overall of this results, the researcher make a conclusion that all Muslim entrepreneurs are doctrine, understand and aware with the Halal Supply Chain Management which they should apply and practice in their daily business. It is for

to ensure their business completely in Halal state and certified by JAKIM then the consumer are not having a doubt towards the products.

### **Conclusion/Contribution/Recommendation**

Halal supply chain management is an approach to handle Halal products. This approach has been created to meet the demand from the Halal industry but at the same time must be aligned with the Shariah requirements. Halal industry in Malaysia has grown rapidly in Malaysia, but the growth in Halal supply chain management is not as good as Halal industry. Adoption rate for Halal supply chain management also still relatively low among Muslim entrepreneurs.

Based on this study, the institution of Small and Medium Enterprise can use it as a guide and can explain to the entrepreneurs about the Halal Supply Chain Management. Moreover, this research could help the institution to make another initiative to support the management of Halal Supply Chain especially for Muslim Entrepreneurs they should aware with the Halal process in producing the products or services. It is vital things that entrepreneurs should concern because in doing a business there are includes the ingredients, transportation and packaging. In improving the business of Muslim Entrepreneurs, SMEs' are responsible to ensure them aware and practice the Halal Supply Chain which based on this research.

In term of Halal transportation, Muslim entrepreneurs must be improved in providing the dedicated transport for halal frozen food and comply with Shariah compliance. This is because some respondents are less concerned about the vehicles used for shipping their goods. Same goes to Halal packaging, Muslim entrepreneurs must ensure that there is no use of prohibited goods in packaging of the products. The use of prohibited items in packaging may have an impact on the hygiene and safety of the product for the public's use especially for Muslim users. Next, for Halal ingredients, Muslim entrepreneurs are careful about the ingredients contained in the product. As Muslims we are forbidden to eat or use items containing Haram elements.

Based on this research, the analysis showed that mostly Muslim entrepreneurs in Kelantan have the knowledge and aware about the concept of Halal supply chain management. Muslim entrepreneurs understand well and aware towards Halal transportation, Halal ingredients and Halal packaging in Halal supply chain management. Mostly, all the questions respondents can answer it very well. Just only a few things that the respondents not really sure and aware about it.

This study is only trying to have an overview regarding acknowledgement of Muslim entrepreneurs towards Halal supply chain management for Halal transportation, Halal packaging and Halal ingredients. The finding from this study could be a base for another study to have a better understanding regarding the Halal supply chain management towards Muslim entrepreneurs.

## References

- Ab Talib, M. S., & Mohd Johan, M.R. (2012). Issues in halal packaging: a conceptual paper. *International Business and Management*, 5(2), 94-98.
- Ab Talib, M. S. B., Rubin, L., & Zhengyi, V. K. (2013). Qualitative research on critical issues in halal logistics. *Journal of Emerging Economies and Islamic Research (JEEIR)*, 1(2).
- Ashfan Azam (2016). An Empirical Study on Non-Muslim's Packaged Halal Food Manufacturers: Saudi Arabian Consumers' Purchase Intention.
- Badrudin, B., Mohamed, Z., Sharifuddin, J., Rezai, G., Mahir Abdullah, A., Abd Latif, I., & Ghazali Mohayidin, M. (2012). Clients' perception towards JAKIM service quality in Halal certification. *Journal of Islamic Marketing*, 3(1), 59-71.
- Coyle, J. J., Novack, R. A., Gibson, B. J. and Bardi, E. J. (2011), *Management of Transportation 7th International Edition*, South-Western Cengage Learning, Singapore.
- Hugos, MH. 2006. *Essentials of Supply Chain Management*, Hoboken, NJ: John Wiley and Sons.
- Ihalmie Abdul Ghani Azmi, The implementation of Islamic business practices of women traders: A study in an Islamic state in a developing country. *GJAT*, 4(2), 17-28,(2014).
- Ireland, J., & Abdollah Rajabzadeh, S. (2011). UAE consumer concerns about halal products. *Journal of Islamic Marketing*, 2(3), 274-283.
- Kumar M., Talib, S.A., & T.Ramayah (2013). *Business Research Methods*. Oxford Fajar Sdn.Bhd
- Mohamed, Y. H., Rahim, A. R. A., Ma'ram, A. B., & Hamza, M. G. (2016). Halal traceability in enhancing halal integrity for food industry in Malaysia—A review. *International Research Journal of Engineering and Technology*, 3(3), 69-74.
- Mohd. Fadzillah Kamsah and Muhammad Zakaria. *Langkah Bijak Usahawan Terbilang*, Kuala Lumpur: Telaga Biru Sdn Bhd. 2008
- Omar, E. N. and Jaafar, H. S. (2011). Halal supply chain in the food industry - A conceptual model, in *Business, Engineering and Industrial Applications (ISBEIA), 2011 IEEE Symposium in Langkawi, Malaysia*, IEEE, pp. 384-89.
- Tieman, M. (2011). The application of Halal in supply chain management: in-depth interviews. *Journal of Islamic Marketing*, 2(2), 186-195.
- Tieman, M. (2013), "Establishing the principles in halal logistics", *Journal of Emerging Economies and Islamic Research*, Vol. 1 No. 1, pp. 1-13.
- Tompkins, P. S. (2015). Acknowledgment, justice, and communication ethics. *Review of Communication*, 15(3), 240-257.
- Sahilah, A., Liyana, L., Aravindran, S., Aminah, A., & Mohd Khan, A. (2016). Halal authentication in Malaysia context: potential adulteration of non-Halal ingredients in meatballs and surimi products. *International Food Research Journal*, 23(5).
- Said, M., Hassan, F., Musa, R., & Rahman, N. (2014). Assessing consumers' perception, knowledge and religiosity on Malaysia's halal food products. *Procedia-Social and Behavioral Sciences*, 130, 120-128.
- S. Chopra, P. Meindl (2013) *Supply chain management: strategy, planning, and operations* Prentice-Hall, Upper Saddle River, NJ (2001)
- Omar, E. N. and Jaafar, H. S. (2011). Halal supply chain in the food industry-



A conceptual model, in *Business, Engineering and Industrial Applications (ISBEIA), 2011 IEEE Symposium in Langkawi, Malaysia*, IEEE, pp. 384-89.  
<https://www.hdcglobal.com.my>