

Halal Food Warehouse: Challenges and Solutions

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ABSTRACT

Halal food supply chain become blooming these recent years. One of important facility in Halal food supply chain is Halal warehouse which its functions to store and gather products as well as reduce the transportation cost. The halal status of the warehouses has raised global attention as there are issues regarding segregation of halal and non-halal products in the warehouse. The number of halal warehouses is getting scarce due to the challenges faced. The challenges faced by halal food warehouses have received relatively little attention. This paper attempts to provide an overview of the challenges faced by food warehouse providers in getting halal certification. Other than that, it provides suggestions that can be applied to overcome the said problem such as to retain the hygiene, safety and halal of the food product stored in the warehouse. The challenges identified are high cost to fulfil the halal requirement, awareness of the manager complexity to get a halal certification and lack of customers. This paper also provides insights for researchers to establish new research agendas.

KEYWORDS: Halal Food Warehouse, Awareness, Supply Chain, Halal Certification, Hygiene.

INTRODUCTION

Food needs to be transported all over the world. The Halal food supply chain involves the process of managing Halal food products from different points of suppliers to different points of consumers which involves various different parties, who are located at different places, who may at the same time, be involved with managing non-Halal food products, with the purpose of satisfying the needs and requirements of both (Halal and non-Halal) customers [1]. According to the researcher [30] in Halal industry, food products being transported and stored which made the Halal status of the food product is being questioned. Halal needs a supply chain approach where [24] its supply chain activities must be align with the Syariah requirements in order to preserve the Halalness of the food product itself. The demand of Halal services especially in Halal transportation and warehousing is increasing due to remarkably demand for Halal product since mostly all products use these services. Due to this phenomenon, Halal Supply Chain services had been created by logistic service providers to meet the requirements for Halal industries throughout the world [15]. Supply chain is the flow activities of products from raw materials to the manufacturers, wholesalers and distributors and lastly to the retailers [32].

In [20] he define Halal supply chain as the combination of business processes and activities from raw materials to customers which comply the Shariah requirement. Due to it is purely based on Syariah, Halal supply chain is being promoted as the only way that could verify the Halal status of Halal food products [2]. The vital objective of the Halal supply chain is to maintain the Halal integrity of Halal food products to clear the doubts of Muslim consumers at the point of consumption. According to [2], the main activities in the Halal supply chain include warehousing, transportation, sourcing, handling of products, inventory management and other managements. One part of the halal supply chain is Halal warehouse whereby the critical separation of Halal products with non-Halal products is a must. Once Halal products enter the warehouse, all tools such as pallet, load carrier or rack must be from a different set from the non-Halal product [27].

The Halal concept had been highlighted by [8], which is a priority among Muslim consumers when making a decision on what products to use. Muslim purchaser still lack knowledge on the supply chain and there is no assurance that cross contamination does not take place during the operation and storage of the products [7]. This means the adoption of Halal warehouse is a must since it is also included in the Halal supply chain activities [1]. Even though many manufacturers have Halal certification for their products and have a basic knowledge and understanding about the Halal concept, they are still not ready to execute themselves to a advanced level of Halal [21]. If Halal manufacturers do not utilize a Halal warehouse, how could they assure their consumers that their products are undoubtedly Halal to be spend with? But according to Halal warehouse providers, the acceptance of their services is not growing fast as expected. So, this becomes a challenge to the warehouse providers. In [26] also mentioned that, proper handling and storage activities are the key roles in protecting the Halal integrity for Halal products.

In every logistics system, warehousing is one of the essential part. Example of warehouse facilities which counted almost one million worldwide such as state of the art, professionally managed warehouses likewise company stockrooms, garages, self-store facilities and garden sheds. Warehousing represent in providing a desired level of customer service at the lowest total cost which warehousing activities are an important link between the producer and the customer. Throughout many years, warehousing has grown from a relatively small facet of a firm's logistics system to one of its most essential functions [11].

It is important to conduct a scientific research to put one's finger on how warehousing and distribution are being managed and also to understand all associated challenges as well as how they work through it. It is essential to know whether manufacturing companies will benefit when they appoint Halal third party logistics in their warehousing and distribution activities.

Therefore, it is proposed that more research should be conducted in this area. There is a need to better understand the various factors influencing decision-makers to agree on the adoption of Halal warehousing. The control of Halal supply chains becomes critical for the future as the Halal integrity is at stake. So, it is up to researchers or academicians as well as the Halal industry to provide sustainable solutions [3]. In [31] stated that it is a new area and therefore, many academic research is needed. Thus, this study will be significant because it would contribute some new findings in this field, as most of the previous studies focused on Halal process, Halal status, Halal management and other areas [3] but not on the challenges faced to adopt Halal warehouse. As in Malaysia, there are only 25 Halal warehouses [16] out of 125 warehouses [17] that being registered. There are only 20% warehouses which were certified by Halal MS2400:2010. The numbers are still small and we need to figure out why this is happening.

LITERATURE REVIEW

Warehouse

In [11] define warehousing as one part of a firm's logistics system which functioning as a storage products for example raw materials, parts, goods-in-progress and finished goods which occurs in between point of origin to the point of consumption and provides status information to management. Other than that, a warehouse also act as a crossdocking which means interchange the journey of the products within the chain without store any goods at all. There are many types of warehouses have been constructed to support all of these activities. In [6] also report that the fundamental functions of a warehouse are the movement, storage and information transfer. A main objective is to implement an optimal product flow and also a good relations and service between the producer and the customer. Other than that, the warehouse service provider will providing warehousing at designated locations with various inventory levels based on local demand.[5] argue that a warehouse is a facility in supply chain which will gather product in one place that can reduce transportation cost and saving the manufacturing budget and this will result in increasing the level of production. However, [14] argue that the warehousing provides enhancement for the services process and saving the response time. Nowadays, warehousing has been recognized as one of the major operations where companies can provide tailored services for their customers and gain competitive advantage. There are many types of warehouses which can be classified into production warehouses and distribution centers [12]. Other than that, warehouses have their own roles in the supply chain for example raw materials warehouses, work-in-process warehouses, finished good warehouses, distribution warehouses, fulfillment warehouses, local warehouses directly to customer demand and value-added service warehouses [10]. Some of the warehouse activities are handled with care to prevent damage and contaminant, packing to protect from damage and remain fresh, storage to ensure the shelf life of products are extended, preservation to prevent from any contamination and lastly delivery which is to reach the designated customer.

Halal Warehouse

The word "Halal" means permissible or lawful by Islamic laws. It refers to foods or products consumed by Muslim (JAKIM). According to [4], the term Halal encompasses cleanliness and hygiene in food handling because cleanliness is part of religion and Allah only permits hygienic, safe and Halal foods or products for Muslims' consumptions. This is clearly highlighted in the following verse of the holy Quran where He says:

"O you who believe! Eat of the good things that We provided you with, and give thanks to Allah if Him it is that you serve" (Qur'an 2:172)

"He hath forbidden you only carrion, and blood, and swine's flesh, and that which hath been immolated to (the name of) any other than Allah. But he who is driven by necessity, neither craving nor transgressing, it is no sin for him. Lo! Allah is Forgiving, Merciful" (Qur'an 2:173).

As part of the Halal supply chain activities, the separation of Halal products with non-Halal products is a must. Once Halal products enter the warehouse, all tools such as pallets or load carrier that are used to handle the products must be different from the set that are used to handle non-Halal products. Also, the Halal products should be placed on a different rack [27].”

It could be maintained if the products was handled and stored in the right way, since Halal integrity come from various activities in the supply chain. Hence, the issue of integrity for the Halal food supply chain has become an increasingly important topic [28], it is better now for Halal certified companies not to focus only on their production and ingredients wheter comply with Syariah compliance or not but to look into Halal issue for the whole supply chain to ensure that their transportation, storage and handling are in compliance with Shariah and meet the requirements of their target Muslim market[2].

[28] argue that goods will spent more time in the warehouse rather than in the transport which gives hypothesis that Halal compliance in warehouse is more important than in transportation. Warehouse is a place which manufacturers keep their goods or even documentation and also cross docking before it is being delivered to its destination. In the Halal supply chain, it should be hygiene and Halal from raw materials to end product including journey towards end consumer which is similar concept to Halal transportation whereby Halal and non-Halal product must be segregated. Different food products ad goods gave different way of being Halal certified. For example, food such as meat, pharmaceutical products and cosmetics products have their own typical feature and the way they are being treated are different in order to maintain their Halal status.[2].

The Malaysian Standard guideline on Halal Food [18]adhere with the international standards of Good Manufacturing Practices and Good Hygiene Practices and specify the practical guidelines for the food industry on the preparation and handling of Halal food (including nutrient supplements). This is based on the quality, sanitary and safety deliberations and serves as a fundamental necessity for food products and food trade or business in Malaysia. Halal principles have now become a universal concept and blooming these recent years. It is no longer a concept confined to the slaughtering of animals for the consumption of Muslims, but also encompasses products and services of the highest quality that meet the ever increasing awareness and needs of non-Muslim consumers.

Department of Standard Malaysia later on introduced the MS 2400: 2010 in 2010. This standard certified by JAKIM is used for the certification of logistics operations in Malaysia. Basically, MS 2400: 2010 is the Malaysian Halal Standard for Halalan-Toyyiban Assurance Pipeline (HTAP) [19] which covering transportation, warehousing and retail. The HTAP is adapted into a set of Management System Requirements Standards which contains of the subsequent [9]:

Part 1: Management System Requirements for Transportation of Goods and/or Cargo Chain services. [MS2400:2010(1)]

Part 2: Management System Requirements for Warehousing and Related Activities [MS2400:2010 (2)]

Part 3: Management System Requirements for Retailing. [MS2400:2010 (3)]

The HTAP connects producers of products, goods and/or cargo with consumers. The pipeline gives guarantee that products, goods and/or cargo delivered from one custodian to another which is comply with the halalan-toyyiban requirements, thus preserving the halalan-toyyiban virtue of the products, goods and/or cargo.

In Malaysia, there is a new revolution of transporting the food and storing the food in the warehouse or retail. The manufacturer encourages MS2400 to make sure their practices comply with Halal and hygienic conditions. As we know, Halal for food products begins from the farm to the table. In addition,halal principles are notrestricted just for thereligious matter only but also enclosed such issues as sustainability, environmental friendliness, food hygiene and safety and also care for animal welfare [13].In [7] claim that as product had been moved and stored, it cannot be reassured that the hygiene and safety as there are no cross-contamination has taken place during those activities as consumer still lack of knowledge on the supply chain. However, according to [8], the Halal concept has already started to play its role among Muslim consumers in terms of making decisions on products to be used. The market value of Halal products keeps on growing while the number of companies certified as Halal manufacturers also keeps increasing. Halal warehouse providers notes that the acceptance rate of their services is not growing as fast as expected. In [22] mentioned that there is no longer a threat to industry when the follow the Halal guidelines, and also it is a business leisure and can cause competitive of interest[33] although majority of Halal manufacturers is still reluctant to adopt halal warehouse in their business operation. This proposes that more study is necessary to understand what factors are influencing the decision makers to agree on the adoption of Halal warehousing. This paper attempts to look into the challenges for the warehouse providers and suggests the solutions in order to ease them to get Halal certification for warehousing.

FINDINGS AND DISCUSSION

High Cost to Fulfil the Halal Requirement

Implementation of Halal warehouse requires high investment, especially for building facilities and infrastructures as well as cost of policy implementation. From the pilot study conducted, majority of the warehouse providers in Malaysia bought ready-made warehouses. This leads to incompliance to design and layout requirement by the MS2400, thus adding extra costs to the company. According to [31], critical control points in a halal warehouse are (un)loading, labelling/coding, zoning of storage areas, packaging and consolidation of cargo on pallets/ load carriers. This includes proper, improper product and workers flow in the warehouse.

Other than that, the segregation between halal and non-halal food is a must. The equipment such as the forklifts, the pallets, loading bay, transportation, the racks and trolleys used for non-Halal products must be segregated from the one that are being used to handle Halal products. Other than that, the safety and cleanliness of the food products are also a major concern in Halal certification. Many warehouse providers take Halal as a religious matter only. They need to understand the requirements of Halal certification, which requires Shariah and technical compliance in ensuring the Halalan-toyyiban status of the products.

It is definitely a great challenge to the company as it involves a high investment. However, the benefits of having Halal certified warehouse are far greater than what it costs in the first place. Since Halal has been accepted worldwide, this can be a great chance to expand the market and attract more Halal concerned-consumers. So, why are they afraid to invest in something better?

Awareness of the Management

Awareness is a very important variable in order to help organizations adopt or reject new innovation [2]. In [23] said that, awareness is considered to be a basic element for spreading of new technology. If organizations are not aware of the availability of new technology in the market, how could organizations consider adopting it or not? Thus, awareness creation and information supply are considered to be very important elements for adoption of an innovation.

According to some of the warehouse providers interviewed, they actually have a minimum understanding about Halal logistics. They cannot understand why logistic providers need to be Halal certified as Halal is actually focusing on religious issues. They may miss the fact that Halal actually starts from the farm to the table and this includes the whole supply chain-transporting, manufacturing and storing the food products. Based on the survey done, even the Halal executive in a logistic company was not clear on how Halal may help to boost their company's profit. For them, it does not matter whether the company is Halal certified or not. The difference is only in the Halal documentation. It is quite surprising to find out about their perspective on Halal. Management should play a vital role in ensuring that all levels of workers are aware of Halal and its implementation as implementing Halal requirements will produce better quality products compared to those that only implement the conventional standards [25].

Other challenges include the use of the word 'Halal' as Halal is an Arabic word and the term is only used by the Muslims. It could be a challenge as majority of warehouse providers in Malaysia nowadays are non-Muslim [29]. It is hard to understand the Halal concept, and therefore it is rather unfair if Muslim consumers expect them to have a deep understanding of Halal warehouse. The authority bodies in Malaysia can play their role in strengthening Halal certification for logistic providers. More campaigns, advertisement and also training for Halal awareness need to be done. It is hoped that the importance of Halal can be well understood and practiced by the warehouse providers.

Complexity to Get Halal Certification

The procedure of Halal certification regulated by JAKIM takes entirely a long time prior to its approval. This is due to the tedious processes that need to be undergone especially during site inspection. They need to focus on the premises, workers, raw materials, hygiene, pest control, documentation system, management records, process flow and many more. Many warehouses providers are not willing to apply for Halal certification as their target is to gain as much profit as they can rather than investing on Halal certification. However, due to lack of knowledge, insufficient information on the benefits when certified Halal and not willing to take the risk, the warehouse providers should not to be blamed. In [26] mentioned that, proper handling and storage activities is important in protecting the Halal virtue for Halal food products. If Halal manufacturers are not adopting Halal warehouse, are their products really Halal to be consumed?

From the conversation during the interview session, the warehouse providers would willingly apply for Halal certification if the process is easier. This can be achieved by hiring a consultant to assist in Halal certification. Government should also come out with various ways to encourage the current warehouse providers to be Halal warehouse providers [3].

Lack of Customers

Less demand from customers to adopt Halal warehouse is also a challenge for the warehouse providers. According to [3], food manufacturers were unaware of the availability of these services. Most of them are still not adopting Halal warehouse services for their products due to their unawareness of who the providers are. They actually do not know where to get the services. Due to lack of demand for their services, warehouse providers do not look for certified Halal warehouse as a must.

Therefore, the government agencies which are involved in promoting Halal services should be more aggressive in promoting these services. Other than that, in [30] stressed out that even if the Halal manufacturers are well-aware of the availability of these services in the market, one cannot expect the adoption of Halal services to be manufacturer-driven and it will need efforts from the government through regulations to make Halal warehousing a regulatory requirement for Halal manufacturers. Instead of enforcing them to follow the standard provided by in Malaysian Standard (MS) to be awarded Halal logo, the government could enforce them to meet the Halal requirements not only on the pre-production and during production processes but also on the entire supply chain activities [3].

CONCLUSION AND RECOMMENDATIONS

Halal food products carry the images of that company which they comply the Syariah requirement. This Halal food products have been handled with high level of hygienic and safety conditions as well as comply with certain standard of cleanliness. It is the food that has been produced, transported and stored strictly under the Syariah requirements. Halal principles are no longer confined to the strictly religious but are becoming appealing to the health-conscious and hygienic cuisine style. This can be proved when people nowadays are more aware about Halal food as the demand increasing. It is important to have Halal food for health-conscious people since Halal food reflect of hygienic, cleanliness and nutritious.

After all, Halal is not only for business purposes but also to fulfil Fardhu Kifayah for the safety of Ummah which will be accounted for in the world and the hereafter. Government has to play a serious role in order to enforce the warehouse providers to apply for Halal certification. This is not only to educate them, but also to promote Halal services to Halal food manufacturers in order to assure the Halal status is secured along the food supply chain. Finally, as there is limited literature regarding the differences between halal certified for non-certified warehouses, academicians could embark on these findings to expand further in this area of study. For future research, the scientific measurements of the food products that are stored in the warehouse can be conducted in order to ensure its Halal status-from unloading to storage activities in the warehouse.

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