Issues and Challenges in Retail Food Supply Chain from the Perspective of Halal Logistics: A Literature Review

Azlina Muhammad¹, Anizah Zainuddin², Harlina Suzana²

¹Malaysia Institute of Transport, Universiti Teknologi MARA, Shah Alam, Selangor, Malaysia
²Faculty of Business Management, Universiti Teknologi MARA, Shah Alam, Selangor, Malaysia

ABSTRACT

This study aimed to examine various issues and challenges that may have impacted the food supply chain from the context of Halal retail logistics. The facts were based on extensive literature reviewed to establish various circumstances, including the issues and challenges of the retail food supply chain from the perspective of Halal. Based on the literature review, various issues and challenges were identified which were affecting the retail food supply chain directly or indirectly. This study focuses on the Malaysia environment as a conceptual paper. Therefore, it could serve as a launch pad for further studies in the future that exploring various issues highlighted in various methodological approaches. This study is significant to industry professionals in gaining more knowledge on the environment related to Halal retail food supply chain and thus helping them in strategising their business. The global retail landscape has been transformed in the past decade with modern retail formats such as hypermarkets, supermarkets and departmental stores increasing in dominance over small. Thus, it creates the importance of proper retail food supply chain operations. This study explores the issues revolving around this untapped area of research.

KEYWORDS: Halal Logistics, Retail Logistics, Food Supply Chain, Literature Review.

INTRODUCTION

With the passage of time, today’s markets have been developed with the consolidation of suppliers, hyper-competitive approaches and bargaining powers. With these advancements, retailers have various threats to rethink their competitive strategies for improving their services to attract and retain customers. The retail environment is becoming more competitive due to rapidly changing market conditions and consumer requirements. Consumers’ expectations are higher and they are always looking for well-stocked shelves, food freshness, and better services with promotions. In grocery retail sector, the competition is growing due to market consolidation and better purchasing conditions for retail companies and lead to reinvest in lower sales prices. This increasing development raises new effects of intensifying competitions.

Another factor that influences the purchase decision is religion beliefs and concepts [22]. Religion limits the food consumption and depends on different religious groups such as in the Islamic prohibition of alcohol, swine meat and in Hinduism beef, etc. Muslims have their own religion belief on foods and always they consume Halal food products. Day by day, there is a significant demand for Halal products in all over the world. In 2010, the Halal food market makes up around 16% of the world food trade and estimated more than USD500 billion in a year [17]. In the context of Malaysia, RM560 billion per year is estimated in the field of Halal food [25]. The consumers are now more educated and aware and have a deep concern about their daily food and also observe the ingredients of food. Further, the consumers also have a depth look on the supply chain management side, whether the products are made from Halal ingredients or not [13]. This is due to food products are imported from various different countries, the number of transit handling and authenticity of Halal status is also in question. The Halal meat exporters mostly belong to Australia, New Zealand and Brazil. The main point of concern is here, after a whole supply chain process the integrity of Halal food remains in the presence for the trade scenario. This situation triggers rising interest in Halal food supply chain management.

The Halal food products do not only significant in point of consumption, but it involves every activity and aspect along the supply chain [5]. This fact shows the Halal supply chain is an essential part of the retail Halal business. In literature, various efforts done to discuss the importance of Halal food such as Halal food supply chain [17], trainings of Halal logistics [18], Halal packaging [3], Halal transportation [27]. Research scholars also contributed in the field of Halal food through various surveys and qualitative and quantitative analysis and research. Halal studies open new door with different fields like Halal tourism [10] and Halal logistics [6]. There are several issues and challenges are exist in the field of Halal food supply management. Due to the difficult process of Halal food supply, there are many questions about Halal integrity and Halal status [1]. Furthermore,
the research studies indicated that consumers are more aware of their food intake and they are demanding the Halal supply chain business such as Halal warehouses, Halal audit team and samak (ritual cleaning) services [3]. After a details discussion this study reviews the most recent challenges and issues in Malaysia Halal supply chain management.

The main objective of this study is to review the relevant publications in on Halal food supply chain and its different issues and challenges in Malaysia. The facts are based on extensive literature review of retail Halal food supply and discuss various issues and challenges, which are affecting the supply chain directly or indirectly.

The remaining paper is organized as follows: Section 2 presents the detail of Halal Logistics. Section 3 highlighted the related literature on a Halal food supply chain. The challenges and related issues extracted from the literature are discussed in section 4. The last sections suggested some initiatives to overcome and solve these issues. Finally, the paper will conclude with future work.

**HALAL RETAIL LOGISTICS**

Logistics mean all activities of the movement and the coordination of food supply, process and demand for controlling, storage and the movement of food supply. The key purpose of logistics is to confirm that customers consumed the products with right quantity, description with good quality. Therefore, the logistics involve a series of activities such as warehouse and storage, transportation, material and inventory management, customer services, etc. The Halal food products and its supply chain must follow the Sharia law from origin to destination and not harmful until final consumption. According to [2], the storage, transportation and all handling processes of Halal food products must follow the Islamic rules and principles. In other research, the authors defined the Halal logistics as a conventional logistics activity, controlling and implementing the distribution and storage of Halal products from source to consumption [28]. In Malaysia, around 60% population is Muslims and they are more conscious about food product ingredients and looking for any harmful substances in it. Figure 1 shows the complete Halal food supply chain process.

![Halal food supply chain process](image)

**Figure 1: Halal food supply chain process**

**METHODOLOGY**

The facts are identified based on the extensive literature reviewed of Halal food logistics and supply chain and establish various circumstances including the issues and challenges. The literature is retrieved from different online databases such as ProQuest, IEEE Explorer, Science Direct, Scopus, Emerald, Directory of Open Access Journal (DOAJ) and EBSCOHost. The research articles are collected through different keywords from the field
such as supply chain, Halal food, Malaysia, issues and challenges. The articles were collected that compromises conference papers, journal articles and books. The study is investigative in nature. According to [29], the literature review is appropriate and helps to identify the ignored variables.

RELATED LITERATURE

The Government’s role is significant in Halal logistics and various different tasks are involved in the supply chain of Halal food such as developing, planning, regulating, promoting and educating [15]. In Malaysia, Government involvement is in the shape of policies, certification, tax, promotion, procedure and financial banking perspectives [23, 26]. The Government’s role is very especial to grow the Halal business operations, its promotions and support [19]. Third Industrial Master Plan (IMP3) developed in Malaysia where Malaysia will be a Halal food hub in production, trade services and goods. To achieve this target, the tax exemption, incentives, double deduction and tax drawback are considered as the main measures in Halal food business. Although Malaysian Government takes many initiatives in the context of the Halal food supply chain, but recently there are many challenges and threats exist as obstacles for development Halal food supply chain and logistics. According to [21], the lack of consistency in the definition of Halal in terms of animal slaughtering. Moreover, the industries set a Halal sign or logo and use the Quran and Arabic brand names to boost their products and become a controversial item. Another challenge is the lack of authority enforcement for resolving abused Halal logos.

The lack of standardization of Halal food lead to excessive confusion and issue among customers and Halal retailers [12]. According to International Halal Integrity Alliance, 122 Halal certifying bodies have been working around the world and only 71 are recognized as Halal certification bodies in 29 countries [23]. Applying new Halal certifications are complex, time consuming and costly process [16]. Hence, this issue leads to the availability of more service providers and product manufacturing running their business with illegal way and accruing fake Halal certification.

In the context of Malaysian Halal food logistics, many studies highlighted different issues and challenges. The challenges are related to lack of enforcement by Halal certification system, lack of assistance and collaboration among authorities and slow certification processes [21]. In another study about value chain of the Halal certification system in Malaysia, author identified two issues namely conflict of authorities (governance bodies and state Government) and inefficiency of the Halal certification process [16]. Due to the growth of the Halal food market in the world, there are a series of new categories divert the concepts and applications into a Halal value chain such as Halal communication channel, Halal apparel and professional services. The new and existing Halal categories need new Halal services to extend the distribution process, confirm the Halal status and protect the integrity of food until final consumers.

Religion believers (Muslims) are more aware and concerned about food status and always investigated about logo authenticity [8]. According to [4], trust and confidence are the key drivers to address these issues. Furthermore, there is a need to confirming Islamic teaching because of health issues and public demand. Halal products are more hygienic and safe for consumption. In Malaysia, Government and many logistics services providers (LSP) are investing in a Halal food supply chain for instant in Halal warehouses, transportation, seaport, Halal-only equipment and other services [23]. Although still there are many issues and challenges exist and hindering factors. The reason behind this is a lack of knowledge and awareness, limited talent in Halal logistics and scarce of experts.

Another challenge is food quality beginning from ingredients to processing and handling [24]. The issue of Halal food quality is recognized as a major issue. Malaysian Government and department of standards have developed Halal standards for food (MS1500:2004). However, still firms have lacked in quality assurance. According to [11], a separate private sector generated quality market and follow the international standard, propriety quality assurance and national assurance. In [14] addresses that separating the products and quality defined the product quality, production and processing. To maintain the overall food quality, regulatory inspection of food sample is mandatory. This process should be transparent and based on product testing rather than assure the continued effectiveness of key production processes.

In [16] mentioned Halal certification issues in Malaysia, where he highlighted two issues such as operational inefficiency and Halal governance. The efficiency refers to the status of resources used within a working system for the required output. The operational inefficiency of the Halal satisfaction process is linked to 2 more factors namely internal and applicants issues. It discussed that in the context of the applicant, lack of understanding of the Halal procedure, delay in the process and unaware of new communications technologies are included. On the other hand, the internal context, lack of expertise of staff and experience to handle Halal certificates, unsystematic filling system and delay in processing are included. For smooth Halal certification a good understanding, corporation and training will require in order to improve the efficiency and performance.

Halal governance considered as an issue, Malaysia is under Islamic rule governed by states Rules (Sultans), their agreement is important to standardize the Halal matters. Consequently, the federal Government has no
authority to force the states about Islamic matters. This case leads to complex decisions and difficulty in implementation of Halal standards and policies. Government positive initiatives are most influential toward the Halal logistics industry. Government should encourage small and medium logistics enterprises to adopt Halal logistics industry and exploit by encouraging the Halal certification.

The new technologies have been changed and alter the business operations. The halal food industry also takes the advantages from information and technologies and increase profitability. The new Information technology (IT) applications will enhance the Halal product or service and its integrity along the supply chain takes the advantages from information and technologies and increase profitability. The new Information logistics industry and exploit by encouraging the Halal certification.

Halal logistics industry. Government should encourage small and medium logistics enterprises to adopt Halal implementation of Halal standards and policies. Government positive initiatives are most influential toward the authority to force the states about Islamic matters. This case leads to complex decisions and difficulty in implementation of Halal standards and policies. Government positive initiatives are most influential toward the Halal logistics industry. Government should encourage small and medium logistics enterprises to adopt Halal logistics industry and exploit by encouraging the Halal certification.

In Malaysia, there are various IT adaptation barriers and need Government support. IT services are applied in Halal logistics such as warehouse management, electronic data interchange and transportation management system [26]. The new IT technologies provide new efficient services such as advance GPS (Global Position System) systems and new RFID (Radio Frequency Identification) chips. Some other issues exist in the shape of complexity because different retailers and companies adopted different systems, which are leading to inconsistency.

CHALLENGES AND ISSUES

From the literature review conducted for the purpose of this paper, the study identified many issues and challenges of Halal food supply chain management. Malaysian Government’s role is proactive in setting up the Halal development system. Governing bodies suggested in 2012, that the committees are separated into 3 groups: (Standards, certification and monitoring), (development and promotion) and (research and development). Initially, there are 4 governing bodies of Halal food in Malaysia: certification, monitoring and enforcement which are JAKIM. As of August 2011, there is only one authority of Halal certification bodies. These bodies are accountable for monitoring the Halal food. After a review the previous literature, we found two main challenges for implementing the Halal development system: applicability, support and credibility of existing non-government agencies. Another main issue is lack of centralization, the objective of the Halal food system is to make all activities centralized. Further, the integrity also needed for Halal certification worldwide. The lack of credibility and networking of non-government bodies also considered as an issue and need to operate through JAKIM. Inapplicability of Halal standards are another challenge, this is solved by providing certicate to logistics services. Recently, few logistics services obtained Halal certification for their logistics services such as MISC Integrated Logistics Services (MILS), Kontena Nasional (KN) and Penang Port. The Halal certificates are in accordance to a Malaysian standard based on MS1500:2009 and for service providers standard is MS2400:2010. These standards provide general Halal compliance necessities for goods and cargo chain transportation services. The guidelines are very general in these standards about Halal compliance identification, storage and packaging services.

Halal food tracking and traceability systems are essential to strengthening the food chain systems. Tracking the Halal food product movement, its logistics including storing, physical activities and transporting which involve the management and communication between successive links along the food supply chain [20]. This factor is related to service providers. In [7] discussed the service providers are resistant to change because of the awareness that Halal logistics are complex to attain and costly. Another threat is Halal certification and causes consumer dissatisfaction. In [9] described that there are traces of non-Halal substances in Halal food packaging. The unawareness and limited talent also a challenge for Halal logistics and it must be solved by LSP and Government. This issue creates some other difficulties such as corrupted Halal authorities or fraudulent of certification. Table 1 shows the recent challenges and issues of halal food supply chain system.

<table>
<thead>
<tr>
<th>S/No</th>
<th>Challenges</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lack of Government support and policies</td>
<td>Government has not clear policy to help Halal food supply chain in terms of policies, planning, taxation and motivation.</td>
</tr>
<tr>
<td>2</td>
<td>Lack of consistency</td>
<td>The lack of consistency means, the reliability of Halal products and their logistics operations.</td>
</tr>
<tr>
<td>3</td>
<td>Lack of authority enforcement</td>
<td>Lack of proper monitoring system to check the Halal logos and improve the supply chain management.</td>
</tr>
<tr>
<td>4</td>
<td>The lack of standardization</td>
<td>To set the standard of Halal food according to Islamic and world standard.</td>
</tr>
<tr>
<td>5</td>
<td>Fake Halal certification</td>
<td>The slow process of Halal food certification leads to fake Halal certification practices.</td>
</tr>
<tr>
<td>6</td>
<td>Lack of enforcement</td>
<td>Lack of enforcement to implement Halal certification system.</td>
</tr>
<tr>
<td>7</td>
<td>Lack of assistance and collaboration</td>
<td>Lack of assistance and collaboration among authorities and slow certification process.</td>
</tr>
<tr>
<td>8</td>
<td>Inefficiency of Halal certification process</td>
<td>The provision and issuing process of certification of Halal food is very slow.</td>
</tr>
<tr>
<td>9</td>
<td>Lack of extension and extend the distribution</td>
<td>The new and existing Halal categories need new Halal logistics to extend the distribution.</td>
</tr>
<tr>
<td>10</td>
<td>Lack of knowledge and awareness</td>
<td>Customers and retailers do not aware about Halal products and its hygienic features and safety in terms of consumption.</td>
</tr>
<tr>
<td>11</td>
<td>Lack of trust and confidence</td>
<td>Lack of trust in terms of companies’ production and logistics services.</td>
</tr>
<tr>
<td>12</td>
<td>Low food quality</td>
<td>To ensure the food quality from beginning ingredients to processing and handling.</td>
</tr>
<tr>
<td>13</td>
<td>Operational inefficiency</td>
<td>To ensure that how well the resources are used within a working system for particular output.</td>
</tr>
<tr>
<td>14</td>
<td>New technologies threats</td>
<td>Still face the adaptation of new information technologies in food logistics.</td>
</tr>
</tbody>
</table>
With many issues and challenges, there are many opportunities to adopt Halal food supply chain. Malaysia can increase their Halal food business and its distribution all over the world. The stronger initiatives will be taken by Government and LSP in order to adopt new technologies. Through Halal logistics in Malaysia, Muslim community achieves a piece of mind and also generate a source of revenue. Table 2 shows the opportunities to improve the Halal logistics services.

Table 2: Opportunities to improve Halal logistics

<table>
<thead>
<tr>
<th>S/No</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Increase profitability</td>
</tr>
<tr>
<td>2</td>
<td>Government tax incentives</td>
</tr>
<tr>
<td>3</td>
<td>Strong logistics and improve economic growth</td>
</tr>
<tr>
<td>4</td>
<td>Malaysia becomes a Halal food hub</td>
</tr>
<tr>
<td>5</td>
<td>Achieve the customer trust and improve their purchasing power</td>
</tr>
<tr>
<td>6</td>
<td>Job opportunities</td>
</tr>
</tbody>
</table>

CONCLUSION

The main purpose of this study is to identify the issues and challenges in the retail food supply chain in Malaysia. Challenges and issues are identified through an extensive literature review and results shows various challenges and issues need to be solved. In various challenges, the one challenge is the lack of Government support in terms of Halal certificate provision. This challenge leads to many other challenges such as fake Halal certificates and logos in the market. These challenges address through the fast provision of Halal certification and developing, planning, regulating, promoting, and educating the Halal products and it’s all services. Political factors also influencing the industry. The government should provide a systematic method to assist strategies and opportunities by encouraging small and medium size logistics enterprises to adopt the Halal method in their operations. The study also discussed some challenges, issues and opportunities in Halal logistics. Finally, study is the first attempt to focus on Halal food supply chain challenges and issues in Malaysia, and it hoped that study will be a milestone for researchers in Halal industry.

ACKNOWLEDGEMENT

This research was supported by the High Impact Centre of Excellence (HICoE) Research Grant under the supervision of the Malaysia Ministry of Higher Education (MoE). The authors thank our Management and colleagues at the Malaysia Institute of Transport (MITRANS), Universiti Teknologi MARA (UiTM) for providing useful insights and expertise that greatly assisted the research paper.

REFERENCES