

Perception of Non-Muslim Manufacturers towards Halal Food Supply Chain in Malaysia

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The concept of a halal food supply chain commonly concerns Muslim consumers in Malaysia. However, as a result of the increasing concern on health, the halal food business has huge potential in capturing non-Muslims as a target market. The concept of halal regarding food today is beyond the understanding of religious values. This study aims to highlight the perception of halal food among non-Muslim manufacturers as one of the target markets in the halal food industry. The findings may also provide a better understanding of factors influencing non-Muslims in producing halal food as their preference. Data was collected using a qualitative method through semi-structured interviews among non-Muslim consumers in Klang Valley. Data will be analysed using thematic content analysis for our qualitative research.

Key words: *Perception, halal food, non-Muslim, manufacturers, food industry.*

Introduction

The demand for halal food products today is increasing in parallel to the number of Muslims throughout the world. Food businesses are involved in the production of food products as they move from manufacturer to end-user, and each firm belongs to at least one supply chain (i.e., it has at least one supplier and one customer) (van der Vorst, 2000). Food ingredients may be derived from countries with a less transparent food supply. For example, in 2008 during the Chinese melamine scandal the contamination of dairy products, chicken and eggs as well as animal feed showed degree of global sourcing of food ingredients and the occurrence of problems when contract manufacturers became involved in current food

supply chains (Zhou & Wang, 2011). Quality and safety in a food supply chain have become major concerns in the food sector (Peter, Mateja & Mojca, 2013). According to other research, food is also assessed from the perspective of an integrated approach of quality, safety, sustainability, logistics and the efficiency of food products and processes along the chain, that is 'from farm to fork' (Manzini & Accorsi, 2013). It is extremely important to the food industry to guarantee that the food is of high quality and integrity by delivering transparent information along the entire food chain. Therefore, this practice is associated with increased confidence among consumers, who only consume food that can be fully trusted, ask for safety guarantees and transparent information (Beulens et al. 2005). According to Vlajic, van der Vorst and Haijema (2012), the food supply chain needs to be robust, in which factors such as managed, managing and information systems, as well as the organisation structure must be consistently integrated.

In this scenario, Muslim consumers require much greater assurance of the halal food they consume, to reduce the possible risk of contamination. As argued by Lada, Tanakinjal and Amin (2009), Omar, Jaafar and Osman (2013) and Tieman, van der Vorst and Ghazali (2012), halal certainly requires a contamination-free supply chain that conforms to the halal requirements from source to the point of consumer purchase. Consequently, the halal food of supply chain is vital for food manufacturers to deliver credibility to Muslim consumers. In the halal food of supply chain refers to the process of managing halal food products, beginning from the point of origin to the point of consumption and involving different parties from suppliers to end-users. Activities include sourcing, warehousing, transportation, handling of products, inventory management, procurement, marketing and order management, which must all comply with the general principles of Shariah law. Globalised supply chains increase the complexity of halal food integrity, and the problem becomes enormous when suppliers or sub-suppliers are located in other non-Muslim countries where the involvement of non-Muslims is unavoidable (Ali et al. 2014). The possibility of halal food becoming non-halal is greater when the food requires travel within long distances and many handling points.

Literature Review

The halal food market is considered to be a lucrative business, and there is growing enthusiasm for it from numerous countries, both Muslim and non-Muslim. A current estimate reported that the global halal trade is now valued at US\$2.3 trillion (HDC, 2014). Therefore, the global demand for halal food is increasing, and has become one of the fastest growing market segments. In 2014, it was valued at US\$795 billion and is expected to grow to US\$2.5 trillion by 2019 (HDC, 2016). The sizeable and growing Muslim population as a whole drives the development of the halal food market, in addition to growing economic development in Muslim nations and the rise of potential halal markets in non-Muslim nations

(e.g., China and India) (HDC 2014). The Muslim population is approximately 25% of the world's total population, and the majority are populated in regions such as South East Asia (e.g., Malaysia and Indonesia), the Middle East (e.g., Saudi Arabia and Iran) and North Africa (e.g., Egypt and Morocco) (Kabir 2014). Based on data from the Pew Research Centre (2015), nearly 62% of Muslims live in the Asia-Pacific region, which thus constitutes a huge market potential for halal food. Table 1 below shows the global markets with a high potential for halal products. These markets denote a new opportunity for halal food organisations to build a platform for future growth.

Table 1: High potential markets for halal food

Largest Muslim Population		Highest Purchasing Power	
Indonesia	China	Saudi Arabia	UAE
Pakistan	Ethiopia	Turkey	USA
India	Algeria	Iran	Algeria
Bangladesh	Morocco	Malaysia	Singapore
Turkey	Sudan	Qatar	Indonesia
Egypt	Afghanistan	Russia	Egypt
Iran	Iraq	France	The Netherlands
Nigeria		Libya	

Source: *Global Islamic Finance Report (GIFR) (2013), Halal Food Information Centre (2016)*

Today, the demand for halal food products is growing as the number of Muslims throughout the world increase. Muslim consumers require much greater assurance of the halal food they consume, to reduce the possible risk of contamination. The halal market is no longer confined to Muslim countries and has now spread to non-Muslim nations (Kurokawa 2011). Previously, the consumption of halal food was focused in regions with predominantly Muslim populations. It is in non-Muslims countries that halal food has provided a new benchmark for safe, clean and hygienic forms of food (Talib, Ali & Jamaludin 2008; Zulfakar, Anuar & Ab Talib 2014). Non-Muslim countries such as Thailand, the Philippines, China, and India have been at the forefront of tapping into the global halal market. As argued by Lada, Tanakinjal and Amin (2009), Omar, Jaafar and Osman (2013) and Tieman, van der Vorst and Ghazali (2012), halal certainly requires a contamination-free supply chain that conforms to the halal requirements from the source to the point of consumer purchase. Consequently, in the halal food supply chain it is vital for food manufacturers to deliver credibility to Muslim consumers.

Based on table 2 below, there are several studies which have been conducted on developing the framework of halal food supply chain. First, a study by Tieman, van der Vorst and Che Ghazali (2012), initiated the first model to address the halal supply chain principles using a

focus group as the method of data collection. The study was conducted to determine the halal supply chain performance and the principles in halal supply chain management. However, this research primarily investigated general halal goods and did not focus on any particular halal food products. Furthermore, the study only concentrated on the robustness of the model by looking at the relationship between supply chain resources, business processes and network structures. The second study on halal supply chain was conducted by Omar and Jaafar (2011). The study emphasised the identification of factors that lead to an effective halal supply chain, with a focus on the poultry industry. This study represents a form of qualitative research since the data was collected through in-depth interviews.

A proposed conceptual framework was developed, consisting of three factors (halal animal feed, proper slaughtering and appropriate segregation) that led to an effective halal supply chain. It was found that the study only concentrated on the supply chain of the poultry industry, in which the supply chain process may differ from other types of halal food, especially processed foods and beverages. The third study on halal was conducted by Zulfakar, Chan and Jie (2014), who investigated the factors and issues that influence the development of halal meat supply chain operations in the Australian market. This exploratory study applied a semi-structured interview as the method for data collection. Obviously, this study only focused on the meat supply chain rather than other types of halal food. Similar to the above research, the supply chain process might be different for other categories of halal food.

Table 2: Selected halal food definitions

Author	Definition
Al-Qaradawi (2007)	Halal is an Arabic word meaning 'lawful' or 'permitted'. Halal foods refer to hygienic and healthy foods according to the teachings of the Quran and Sunnah of the Prophet, Ijma' (consensus) and Qiyas (deduction of analogy according to the Syafie or and one of the Hanifi, Maliki or Hanbali School of thought or fatwa approved by the relevant Islamic institution).
Verbeke et al. (2013)	As a product characteristic, halal refers to the nature, origin and the processing method of food designated for Muslim consumers. Halal is a typical credence process and thus an invisible and intangible quality characteristic that can hardly be evaluated or ascertained by individual consumers, even upon or after consuming the good.
Lodhi (2009)	The Halalan Toyyiban concept focuses on the overall production chain of which the food produced should be free from any harmful products and/or ingredients, and uses only permissible ingredients (free from forbidden and wrongful sources) that are consistent with Sharia law.
Talib et al. (2016)	Halal principles are no longer just the Muslim practice of slaughtering animals but also encompasses issues of sustainability, environmental friendliness, food safety and care for animal welfare.

Source: Compiled by the authors

However, the majority of Muslim consumers are still lacking in the skills and time to monitor how supply chain activities are handled, and are also unable to check whether cross-contamination has occurred (Bonne & Verbeke 2008; Ngah & Zainuddin 2012). Although halal standards were introduced to regulate production, preparation, handling and storage to a certain degree, they cannot confirm if a product is halal at the time of consumption. Thus, a truly comprehensive and well-managed supply chain management approach needs to be developed and adopted to ensure the global availability of halal food products.

Methodology

Introduction

An exploratory study is undertaken by the researchers as little is known about the situation. The sampling frame lists all population elements from which the sample is drawn. Therefore, the sampling frame applied for this study was from the Klang Valley, Penang and Johor Bahru areas. The data was gathered through in-depth interviews with ten case studies of halal manufacturers in Malaysia.

Thematic Content Analysis Method

The study is carried out using a descriptive research method in order to explain the acceptance of halal food by non-Muslims and in depth interviews to collect primary data from the respondents. The purpose of these interviews is to identify the main reason why our respondents choose halal food as their product. The interviews were conducted within the Klang Valley, Penang and Johor Bahru areas. The main respondents of the study are non-Muslims manufacturers who produce food in Malaysia. A thematic content analysis is completed to analyse data from personal interviews. The data will be categorised according to themes for ease of comparison.

Research Findings

Descriptive analysis

Question 1: What is your understanding of the term “HALAL”?

For the analysis of the findings, the first theme shows 3 different perspectives which include halal as related to religion, “no pork, no alcohol” and not enough knowledge. This result shows that Non-Muslims believe the stereotype that is halal is for Muslims. This statement has been proven by feedback from the majority of participants saying that halal is related to the religion of Islam.

As the third participant says:

“Hmm... I only know halal is related to religion”

The next participant also mentions that:

“...It’s something about what Muslim can’t eat”

Question 2: Will you prefer to choose “Halal food” and why?

The objective of this question is to seek some feedback on the decision making process to choose halal food. This question aims discover why they prefer to choose halal food. Based on the data collected, there are 3 varying responses from participants: “yes”, “no” and “does not care”. From these responses the researcher found two main emerging themes which are not caring whether to choose halal food and preferring to choose halal food.

As the fourth respondent comments regarding the first theme:

“...I mean I didn’t really care if it’s halal or not because it’s not important to me. But I know my friends eat halal food so I choose halal food for them.”

Regarding the second theme, the second respondent said :

“...yes, but still can go to the place that serves non halal as long as he chooses chicken or meat.”

Question 3: As the manufacturer, ow important is it to follow the halal processing method suggested by Jabatan Kemajuan Islam Malaysia (JAKIM)?

The main objective of this question is to determine whether the Halal Processing Method is crucial in choosing halal food . The researcher wanted to discover of the processing method played a substantial role in producing halal food. Hence, the interview has been conducted to obtain data regarding this question. It has been discovered through the interview session that there are 4 responses which include “not important”, “do not care”, “important” and “no”. The data shows two significant responses which are “not important” and “does not care”.

As the first and ninth participants responded to the first theme:

“I don’t think that is important”

“Not so important for me”

Question 4: When you place order which criteria will be of most importance in producing halal food?

- ✓ Halal Considerations
- ✓ Quality Considerations
- ✓ Price Considerations

The main point of this question is to discover the important criteria that leads to producing halal food by providing them with 3 criteria stated in the question. These three criteria may influence manufacturers' decision in producing food. Based on this question, the researcher wants to discover whether these criteria also influenced them in producing halal food. More than 50% of participants chose quality considerations over the other criteria, making these the most significant criteria. They choose quality considerations because people are usually are picky regarding choice of food.

As w the seventh and ninth participants state:

“Hmmm, when it comes to food it’s always about quality”
“Hmmm, I’m not sure, my company produces halal food products based on quality and pricing. When we need to pay more for handling halal processing.”

Question 5: Besides from Muslims, do you think Non-Muslims will discriminate against Halal foods?

In the last question, the researcher asked whether they would discriminate against halal food because currently there a a lot of negative perceptions regarding Islam. Based on the data, we found that the majority of participants will not discriminate against halal food.

As the last participants says :

“No, in my opinion there is no such thing/”

Conclusion

In this era of civilisation era, *halal* food is gaining more market from non-Muslim consumers, the increasing demand of and purchase of *halal* food among non-Muslim consumers might be influenced by growing numbers within the community who are health conscious and demand that more food products are well prepared (e.g. slaughtering process, cleanliness, and etc.) which complies with Islamic practice.



From time to time, non-Muslims are becoming aware of the context of *halal* food and services, perhaps the culture assimilation among Malaysians exposes and attracts non-Muslim consumers to purchase *halal* food. Therefore, it is important to understand the attributes that non-Muslim consumers seek in every purchase of *halal* food. Some of these attributes comprise of the perception towards food labelled as *halal*, the level of exposure towards *halal* food products and so forth. Understanding the consumer behaviour of non-Muslims towards *halal* labelled food products gives a better insight into providing more food products that cater for both non-Muslim and Muslim consumers and their needs.

This research also provides an early exposure to how non-Muslims perceive *halal* labelled food products in Malaysia, thus, the research result might help food producers and suppliers to tailor their products and marketing strategies effectively in tapping into the non-Muslim consumer market. Malaysians are of multiracial ethnicity, therefore, if the food supplier know how to tackle the market creatively, it will help to boost company sales and brand positioning in the future, thus also promote *halal* products widely.

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