HALAL INDUSTRY AND STANDARDIZATION

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Abstract:
The multiplicity of standardization in halal industry poses social and economic challenges. Shariah scholars are the major stakeholders in Halal Assurance System (HAS), aspiring towards uniform standardization by educating all stakeholders on the concept of halal (lawful). The halal standard is surrounded by confusion, as there are different governments, cultures, halal policies, schools of thought, laws and regulations, public interests and logos. International Halal Accreditation Forum (IHAF), based in UAE is acting as the apex body of current HAS and is focused on empowering and coordinating halal accreditation and certification bodies around the globe to unify its standardization process by establishing common protocols and achieving a robust zero tolerance HAS. The purpose of this research is to review and compare the differences in halal standards of IHAF with JAKIM-Malaysia, MUI-Indonesia, MUIS-Singapore and SMIIC-Organization of Islamic Cooperation and some certification bodies in European countries such as Croatia. Halal industry must ensure participation from the shariah scholars well versed in modern science to achieve universal standardized HAS. Shariah scholars, halal trainers and few HAS bodies in UAE were interviewed and the feedback indicate the influence of the global standardization on halal consumer psychology and on sustenance of HAS as a prospective global hub in UAE.

Key word: Economic Challenges, Halal, Shariah Scholar, Sustenance.

JEL codes: L66, L15

INTRODUCTION

The graph of muslim population has been rising across the world as a result, meeting the demand for genuinely halal products has become a challenge (Rasul, 2019). Halal means permissible in an Islamic concept based on the authoritative sources leading to a better quality of life, sustainability, ecological balance, food safety, hygiene and animal welfare (Mohezar, Zailani & Zainuddin, 2016). Muslims are wary to purchase
certified products when reports of product contamination and/or adulteration occurred (Ali & Suleiman, 2018), thus making it mandatory to facilitate this generation with well assured and certified halal food. Muslim consumers look for the halal certified products. Halal products must be produced with recognized quality attributes containing all composition of ingredients and should follow stringent requirements to maintain halal standards and integrity from production to consumption (Latif, Mohamed, Sharifuddin, Abdullah & Ismail, 2014). The first and foremost challenge for HAS is the physical contamination with non-halal products. This issue of contamination is substantial because of the lack of awareness of halal requirements in non-Muslim countries (Ambali, AR & Bakar, 2014). Another issue is regarding authenticity and adulteration (Fadzlillah, Man, Jamaludin, Rahman & Al-Kahtani, 2011). Halal food authenticity involves verification and compliance as stipulated in the label. Adulteration occurs when cheap non-halal materials are mixed with halal products (Nakyinsige, Man & Sazili 2012) and this issue is a major concern in the halal food industry. The authenticity is an issue in the halal food industry where many cases of haram or mushbooh (doubtful) ingredients in halal food have been reported. Next issue is about fraud halal certification (Fuseini, Wotton, Knowles & Hadley 2017) followed by unrecognized halal logo (Talib, Ali, Jamaludin & Rijal 2008). This flaw has forced the customer to lose the trust leading to confusion and uncertainty (Melatu Samsi, Tasnim & Ibrahim 2011). In order to tackle these challenges, it is required to achieve a competent halal certification system, compliance with halal procedures, transparency in system from production to manufacturing, awareness of Islamic behaviour, commitment from management, sustenance of halal raw materials supply, bringing halal technical training. However, due to different governments, cultures, halal policies, schools of thought, laws and regulations, public interests and different logos a major challenge of multiplicity of standardization arises. So how to achieve a robust zero tolerance common protocol globally.

GLOBAL STANDARDIZATION

International Standard of Organization (ISO) maintains the integrity of the supply chain globally for gamut of products (Heires, 2008) such as meals, livestock, processed food, fats, oil, rice, noodles, beverages, agricultural produce, ingredients, seasoning, cosmetics, pharmaceuticals, animal feed etc. Although UAE (Azam & Abdullah, 2020), Malaysia (Asa, 2017), Indonesia (Mubarok & Imam, 2020), Singapore (Randeree, 2020) are leading players in the Islamic economy and comprehensive halal standard in the world, but still lack integrated global halal standards. Organizations of the Islamic Cooperation (OIC) have recently motivated many members to join the global halal supply chain (Zailani, Iranmanesh, Aziz & Kanapathy, 2017) but unfortunately each country claims its own standards. Such expansion and demand of the industry create the necessity to integrate global halal supply chain under the banner of standardization. The standardization gives unified code relevant to halal products at international level. The bases of halal standards are to promote halal and avoid haram as directed by the Holy Quran and the hadith. The Quranic guidance impels muslims to consume only halal food for physical and
spiritual health. By involving Islamic scholars a robust zero tolerance halal assurance system can be standardized throughout the world. Standardization requires muslim and non-muslim countries to work strictly on the following in order not to lose trust of the most important stake holder i.e. customers. The international standard frame work based on shariah principles requires foolproof monitoring of slaughter house, identification & traceability of ingredients, non-halal ingredients, ingredients from non-halal source, harmful stuff, the animal source ingredients, genetically modified organism, Good Manufacturing Practices, veterinary hygiene practices, no cross-contamination, insulation from pig farm, dedicated workers certified by shariah scholars for halal products food processing, hygiene, food safety, storage, display, service, transport, packaging and labeling as some of the important phases from production to delivery. Standardization for different nations varies according to the adoption of several international standards, different regulations, and demand-supply curve for different nations. Today, a number of different countries have developed their halal standard realizing the customer demand and potential of the halal industry globally. The most popular and well-recognized halal standards globally are International Halal Accreditation Forum (IHAF) based in UAE (Abdallah, Rahem & Pasqualone, 2021), Jabatan Kemajuan Islamic Malaysia (JAKIM) based in Malaysia (Henderson, 2016), Islamic Religious Council of Singapore (MUIS) based in Singapore (Ridwan, 2020), Halal Standard of Indonesia by the Indonesian Ulema Council (MUI) based in Indonesia (Faisal, 2016), and the Halal Standard by the Standards and Metrology Institute for Islamic Countries (SMIIC) with the participation of Organizations of the Islamic Cooperation (OIC) member countries with head quarter in Turkey (Dağ & Erbasi-Gonc, 2013). International Halal Standards Organization includes United Arab Emirates, Saudi Arabia, Oman, Qatar, Kuwait, Bahrain to work together with other OIC members and nations for achieving common protocols by empowering well trained shariah scholars to guide and build a network with existing organization such as GCC (Cooperation Council for the Arab States of the Gulf), GSO (Gulf Standardization Organization), RSO (Regional Standardization Organization), NSB (National Standardization Bodies) (Al-Mutairi, Connerton, & Dingwall, 2015; Anthony, 1986). International Halal Accreditation Forum as a Halal Standard hub (UAE) holds the primary position in modern HAS not only in UAE but in most part of world. IHAF is intensively working on standardization process and common protocols agenda with all regulatory bodies (HRBs), accreditation bodies (HABs) and halal certification bodies (HCBs). Over 35 halal accreditation bodies globally are working in league with IHAF (Hosain, 2021). The participation and involvement of Islamic shariah scholars in advisory committee need to be more serious so as to develop halal-oriented standards accepted internationally. Standards and Metrology Institute for the Islamic Countries as a halal standard organization (Turkiye) representing Organization of the Islamic Conference (OIC) countries established a global standardization halal assurance system to facilitate free trade of halal product between different nations based on OIC/SMIIC protocol. SMIIC acts like Halal Accreditation Body (HAB) but is not a certification body by itself although it accredits Halal Certification Bodies (HCBs) around the globe based on shariah principles under ISO in compliance with Codex CAC/RCP,
ISO 22000 standards which are further consistent with international standard (Kayadibi, 2013). It published its first OIC/SMIIC Halal Standard in the year 2011 with an objective of adoption of integrated halal standard acceptance globally which includes not only OIC member nations but also International Islamic Fiqh Academy (IIFA). SMIIC halal standard stipulates guidelines for separation of halal products from production to delivery. Vehicles with proper hygiene practice safe from adulteration and cross contamination are utilized for transportation (Riaz, & Chaudry, 2018). Department of Islamic Development Malaysia-JAKIM (Malaysia) as a pioneer of global halal standard started with halal certification. The standard including halal, haram, najis, halal slaughtering, halal logo, the halal competent authority, audit inspection, etc. based on Shafie school of thought. The Malaysian Standard has network with National Industrial Standardization Committee, Department of Standardization Malaysia (DSM), International Standardization Organization (ISO), Malaysia standard (MS), Board of Directors (BOD) of SMIIC (Azam & Abdullah, 2021). The management has halal supervisor and muslim technician in each certified organization and officially provide praying area to show the significance of faith in halal industry. The haram animals list is clearly stipulated in the protocol such as dogs, pigs, predatory birds, poisonous, intoxicating, sharp pointed teeth animals like tiger, bear, elephant, cats, etc., pets, poisonous animals, poisonous plants, intoxicating drinks, and anything hazardous to health. The logo, picture, or content, label should disclose the list of all ingredients, product name, production, etc. (Jais, 2019). Indonesian Ulema Council-MUI (Indonesia) has the halal standard governed by LPPOM-MUI started in 1989. General guidelines of Halal Assurance System (HAS) is documented in HAS-23000, HAS 23000-1, HAS 23000-2 in coordination with Ministry of Religion, Ministry of Health, and MUI (Hudaefi & Jaswir, 2019). It is mandatory for any organization to have a halal management team such as muslim internal inspector, R&D muslim personnel, quality assurance and quality control muslim professional. For non-muslims, MUI halal standard gives flexibility to open a company with non-muslim personnel but to have a nominated muslim coordinator having knowledge of Islamic Law (Indonesian Council of Ulama, 2008). Slaughtering of animal should be only done by a muslim with shariah principles. Utmost care should be taken of the knife and skinning process. No animal should be slaughtered with blunt knife so as to minimize the pain in the process and skinning should be only done after the animal is completely dead (MUI, 2020). Complete details of ingredients with clarity should be available in the label and the halal logo should be clearly visible (Indonesian Council Of Ulama, 2008; Latif et al., 2014; MUI, 2020). The MUI fatwa allows a minimum of 1% ethanol in an intoxicating alcoholic drink (Indonesian Council Of Ulama, 2008). Additional information is available in the protocol of MIU in details. Islamic Religious Council of Singapore-MUIS (Singapore) has the halal standard provided by the Majlis Ugama Islam Singapura (MUIS) started in 1973 under the Administration of Muslim Law Act (AMLA). Singapore certification is not compulsory but voluntary, but later in the year 2017 the halal standard became more effective (Johan, 2018). Muslim ownership too is not a mandatory requirement but whoever owns the company should have good knowledge of Islam and guiding principles (Johan, 2018). The MUIS standard follows the general principles of Shafie Madhhab and all details have been stipulated and documented in MUIS-HC-S001 and
MUIS-HC-S002. As a Halal Certification Body, MUIS has also been awarded ISO 17065, MUIS, 2018. Halal Certification Bodies (HCB) are all over globe in muslims and non-muslim countries. The adoption rate of halal standard seems to be very high as validated by HCB. After comparison of halal standard in UAE with other countries, it seems the UAE is still having very high standards of quality assurance and control. An exhaustive literature review of previous research papers was carried out so as to get a comparative analysis among different bodies from different countries globally. Also a qualitative survey was carried out in UAE for different bodies and to see their opinion about issues like standardization etc. and to search for flaw in HAS and to solve the problem. Different schools of thought (madhhabs) such as Hanafi, Shafie, Hanbali, Maliki, Ibady, Zaidy, Zahiry, and Ithnashary are recognized by the International Islamic Fiqh Academy (IIFA) under Organization of Islamic Cooperation (OIC). MUIS and JAKIM standards are based on only Shafie madhhab but MUI standard accepts Shafie, Hanafi, Maliki, and Hanbali (Pauzi & Man, 2017). SMIIC standard accepts all madhhabs (Rahman, Mahroof, Hassan & Sujchaphong, 2022). This differentiation is a flexibility given to us and can be easily resolved on the bases of ijtihad under the guidelines of shariah as stipulated by the Qur'an and Sunnah. To exercise ijtihad the Islamic shariah scholar involvement is must and all standard halal organization need to give this a priority because halal industry is based on the Halal and Haram, which comes from the Quran.

METHODOLOGY

The research methodology unveils the significance of Islamic scholars in fostering HAS in integrating multiple standards to a common global halal standard. This research approach is based on comparative analysis from existing literature and qualitative analysis from data collection through interviews. Different halal regulatory and accreditation bodies along with shariah scholars, halal trainers and halal consumers were taken as respondents. The interviewer with respondents consent asked to get feedback mainly on four themes, namely, standardization, current level of SS in HAS, flaws in HAS and impact on HAS without SS. This research focuses on interviewing 6 HAB officers, 2 HRB officers, 3 HTO trainers, 4 SS working in AUQAF and 7 HC. After interviewing them, their report was recorded. The HAS modeled inclusion or exclusion of shariah scholars was based on faith, Quran, Hadith, halalan toyyiban. Literature helps in data for comparative analysis between standard halal organization and and further analysis is based on data collected through interview. Feedback loop after each interview helps for further investigation. Shariah scholars, halal trainers and few HAS bodies in UAE were interviewed and the feedback indicate the influence of the global standardization on halal consumer psychology and on sustenance of HAS. In this paper due to the enormous data, HCT has not been included.
EMPIRICAL RESULTS

The result furnishes the themes determined for the interview. Post interviewing 6 halal accreditation bodies (HAB), 2 halal regulatory bodies (HRB), halal training organizations (HTO), 4 reputed shariah scholars from AUQAF and 7 halal consumers (HC) from different organizations, their responses were recorded.

<table>
<thead>
<tr>
<th>Body Interviewed</th>
<th>Interviewer position with Experience (yrs)</th>
<th>Standardization</th>
<th>Rate current SS in HAS</th>
<th>Flaw in HAS</th>
<th>Impact on HAS without SS</th>
</tr>
</thead>
<tbody>
<tr>
<td>HA B1</td>
<td>Accreditation officer 23+</td>
<td>UAE S 2055-3 standard</td>
<td>Satisfactory</td>
<td>SS involvement is limited</td>
<td>Weak</td>
</tr>
<tr>
<td>HA B2</td>
<td>Accreditation officer 20+</td>
<td>Design common program</td>
<td>Good</td>
<td>Highly trained SS required</td>
<td>Negative</td>
</tr>
<tr>
<td>HA B3</td>
<td>Accreditation officer 18+</td>
<td>Integrated SOP’s for SS</td>
<td>Objective not met</td>
<td>Marginal involvement of SS</td>
<td>Retarded growth</td>
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<tr>
<td>HA B4</td>
<td>IHAF officer 30+</td>
<td>Whole accreditation system should be shariah driven</td>
<td>Perfect</td>
<td>Not much</td>
<td>Non utilization will backfire</td>
</tr>
<tr>
<td>HA B5</td>
<td>Halal professional 12+</td>
<td>HAB as a top level body</td>
<td>Acceptable</td>
<td>Nothing special</td>
<td>Weakened HAS structure</td>
</tr>
<tr>
<td>HA B6</td>
<td>Halal professional 14+</td>
<td>Effective HAB structure</td>
<td>Not sure</td>
<td>Not sure</td>
<td>Low performance</td>
</tr>
<tr>
<td>HR B1</td>
<td>Govt. officer 13+</td>
<td>Fatwas issued from AUQAF</td>
<td>No problem reported</td>
<td>No problem reported</td>
<td>Negatively affect HAS</td>
</tr>
<tr>
<td>HR B2</td>
<td>Halal Professional 15+</td>
<td>Fatwas based</td>
<td>Mandatory</td>
<td>No report</td>
<td>Positive</td>
</tr>
<tr>
<td>HT O1</td>
<td>GRS Trainer, 13+</td>
<td>No standard procedure</td>
<td>Comparatively poor</td>
<td>No specific involvement of SS</td>
<td>Adverse effect on reputation</td>
</tr>
<tr>
<td>HT O2</td>
<td>FQC Trainer, 17+</td>
<td>Limited role of SS in Halal standards</td>
<td>Lack of modern science knowledge</td>
<td>No religious commitment</td>
<td>Diminished quality</td>
</tr>
<tr>
<td>HT O3</td>
<td>GRS Trainer, 5+</td>
<td>Training department control</td>
<td>Lack of holistic education among SS</td>
<td>No involvement of SS in design and training</td>
<td>Reduced growth of HAS</td>
</tr>
<tr>
<td>SS1</td>
<td>AUQAF, Dubai, 30+</td>
<td>Dubai islamic endorsement department</td>
<td>No idea</td>
<td>Ignorance of English language and modern science</td>
<td>Not satisfactory</td>
</tr>
<tr>
<td>SS2</td>
<td>AUQAF, Dubai, 20+</td>
<td>AUQAF approved</td>
<td>No clarity</td>
<td>Issues of language, technical knowledge, product diversification, coordination</td>
<td>Lack of clarity</td>
</tr>
<tr>
<td>SS3</td>
<td>AUQAF, Sharjah, 8+</td>
<td>Halal logos</td>
<td>Modern HAS need new trained SS</td>
<td>Lack of language, knowledge, diversification</td>
<td>Weaken HAS</td>
</tr>
<tr>
<td>HC</td>
<td>Halal Consumer (Food product)</td>
<td>Integrated systems</td>
<td>Moderate</td>
<td>Lack of qualified SS in modern technology</td>
<td>Loss of trust</td>
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<tr>
<td>HC</td>
<td>Halal Consumer (Food product)</td>
<td>Halal certificate</td>
<td>Outdated in modern science &amp; technology</td>
<td>Trust</td>
<td>Weaken</td>
</tr>
<tr>
<td>HC</td>
<td>Halal Consumer (Food product &amp; banking)</td>
<td>Quran and hadith authority</td>
<td>Main instrument</td>
<td>New technology</td>
<td>Weaken HAS leading to loss of trust</td>
</tr>
<tr>
<td>HC</td>
<td>Halal Consumer (Food product &amp; banking)</td>
<td>Improved shariah bodies</td>
<td>Safe guard shariah rules</td>
<td>Compatibility with modern world</td>
<td>Loss of trust in HAS</td>
</tr>
<tr>
<td>HC</td>
<td>Halal Consumer (Food product &amp; cosmetics)</td>
<td>Shariah compliance</td>
<td>Poor involvement of scholars</td>
<td>Need of well-trained scholars</td>
<td>Loss of public trust</td>
</tr>
<tr>
<td>HC</td>
<td>Halal Consumer (Food product &amp; cosmetics)</td>
<td>Intervention of shariah scholars</td>
<td>Satisfactory</td>
<td>Need proactive SS</td>
<td>Decrease public trust</td>
</tr>
<tr>
<td>HC</td>
<td>Halal Consumer (Food product &amp; cosmetics)</td>
<td>Halal and haram criteria</td>
<td>Nominal</td>
<td>Access to latest knowledge</td>
<td>Decline in common man trust</td>
</tr>
</tbody>
</table>

Only four themes were investigated from their responses, namely, “Standardization”, “Current SS Level in HAS”, “Flaw in HAS”, “Impact on HAS without SS”. The halal accreditation officers with 18-30 years’ experience, the halal regulatory officers with 13-15 years’ experience, halal trainers with 5-17 years’ experience, shariah scholars with 8-30 years’ experience, and halal consumers were interviewed. The responses regarding standardization had ambiguity depending on the group interviewed. The HABs response had trends towards common design programs, integrated SOP’s, standard protocol etc. The response of HRB was fatwa based from AUQAF. Further the HTO overall response was mainly related to limited role of SS in halal standards and no standard procedure. SS working with AUQAF had concerns over halal logos. The HC demanded for integrated systems, shariah compliance, Quran and Hadith authority, and improved shariah bodies, intervention of shariah scholars, halal-haram criteria & halal cost. Secondly the current level of SS in HAS was satisfactory, good, in some cases the objective not met, in other cases comparatively poor due to lack of modern science knowledge, holistic education with low confidence level.
Interestingly HC response was moderate with poor involvement of SS in HAS. Thirdly, the theme related to flaw in HAS had response such as lakh of commitment, and marginal involvement of SS in HAS. Some consumers even responded as loss of trust due to absence of SS. Some other demanded English language proficiency, updated knowledge, well trained scholars equipped with new technology. The last theme related to impact on HAS without SS irrespective of any group had same response reported as weak, negative, retarded, low performance, diminished quality, weakened HAS etc. Further the HC had also reported as loss of trust in HAS due to inactive involvement of SS in HAS.

CONCLUSION

This investigation compared UAE halal standards with JAKIM, SMIIC, MUI, and MUIS. It was found in comparative analysis that the Malaysian JAKIM seems to have maximum number of certification bodies globally and SMIIC seems to have least. UAE although has less number of certification bodies than JAKIM but cases of adulteration and contamination compared to Malaysia too is less. This makes us believe that each halal standard have commonality and differences or strength and weaknesses but there are more commonality than differences. It means a global halal standard can be developed on common ground of faith, Quran, Hadith, halalan toyyiban. Further, the feedback from the interviews conducted for different groups such as halal regulatory bodies, halal accreditation bodies, halal training organization, shariah scholars and halal consumers concludes that there has been unanimous agreement regarding empowerment of SS in HAS for halal standardization. Moreover, the finding especially from the HC feedback directly relates public trust with the participation of well-trained SS. Thus SS involvement can not only strengthen HAS all around the globe but also fill the missing gap among discrete halal organization and lead to global standard protocol. This will further give consumers satisfaction by building the bond of trust and greatly improve the customer psychology.

BIBLIOGRAPHY


