Halal logistics opportunities and challenges
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Abstract
Purpose – The purpose of the paper is to investigate the challenges and opportunities for logistics companies in Malaysia to adopt halal logistics. Logistics plays a key role in protecting the halal integrity of halal food through proper transportation, storage and handling along the supply chain until it reaches its final destination.

Design/methodology/approach – This research builds on existing research published in the Journal of Islamic Marketing on halal logistics. In addition to an extensive literature review, five focus group discussions were conducted to discover the challenges and opportunities with regards to halal logistics services in Malaysia.

Findings – The results show that the future market demands and the competitive opportunities related to halal services are the main motivators of first movers in halal logistics. The early adopters of halal logistics face several challenges such as ambiguous halal guidelines, lack of international halal certification, lack of collaboration among governing agencies (i.e. logistics service providers (LSPs), Jabatan Kemajuan Islam Malaysia (JAKIM) and Halal Industry Development Corporation), a lack of cost-effective standards, an overly competitive transportation sector, lack of demand, lack of halal logistics compulsion, financial challenges and a general misunderstanding of halal practices.

Practical implications – The findings of the present study may help government policy makers recognise the issues that should be addressed in motivating logistics companies to adopt halal practices.

Originality/value – Although halal logistics plays a key role in protecting the halal integrity of halal products, there are few halal LSPs. This study contributes to the advancement of knowledge on the challenges and opportunities of adopting halal logistics.

Keywords Halal logistics, Halal Malaysia, Halal product, Halal supply Chain
Paper type Research paper

Introduction
The Muslim population worldwide is estimated to grow to 2.2bn by 2030. The 2014-2015 State of the Global Islamic Economy Report, published by Thomson Reuters (2014), reports that the Muslim population is expected to increase at a rate of 1.5 per cent annually. Muslims increasing at a rate that is almost ten times faster than the non-Muslim population (Wilson, 2014). The Quran commands Muslims to consume halal food, to prohibit that which is haram and to avoid doubtful things (Al-Baqarah: 172). Muslim consumers want to be assured that the food they consume is a true manifestation of Islamic principles (Wilson and Liu, 2011). According to the 2014-2015 State of the Global Islamic Economy Report, the size of the global halal food industry is estimated to be worth USD 2.537bn by 2019.

Halal is a Quranic term that means permitted, allowed, lawful or legal (Wilson and Liu, 2010; Wilson, 2014). Its opposite is haram (Muhammad et al., 2009; Rosly, 2010). Halal is not only for...
foods, but also for other consumer products such as pharmaceutical, cosmetic ones (Ngah et al., 2014). Halal practices do not stop once the product has been manufactured, as a halal product could easily lose its halal status if it is contaminated during transport and storage prior to retailing (Pahim et al., 2012; Zailani et al., 2015). Hence, given that logistics bridges the gap between the point of production (where halal is certified) and the point of consumer purchase (where the halal product is sold), the logistics of halal products is fundamental to ensuring the integrity of halal products at the point of consumption (Tieman, 2011).

Consequently, Malaysia has assumed a leadership role in ensuring that halal integrity is intact along the halal chain as logistics is an integral element of maintaining the halal status of products during their distribution; this is in addition to the fact that the market potential for halal logistics services is obvious. However, despite the vast halal market (Soltanian et al., 2016) and the importance of halal logistic practices in preserving the halal integrity of a food product, the number of halal-certified third-party logistics service providers (LSPs) in Malaysia is still limited (Jafaar et al., 2011; Talib et al., 2013). Why is the rate of adoption so low? Are there problems in getting halal certifications or in the operations of halal logistics services? Are there limited business opportunities for halal-certified LSPs? This study is designed to investigate the challenges and opportunities presented by practicing halal logistics. The results are expected to identify policy recommendations for government agencies in addressing the challenges faced by LSPs in providing halal services. Additionally, the opportunities highlighted in this paper could encourage more LSPs, particularly in Malaysia, to implement halal logistics. The number of halal LSPs may increase by addressing the challenges and investigating potential opportunities for halal logistics.

The paper is organised as follows: After the introduction, a literature review on the halal industry in Malaysia, halal logistics and challenges in halal logistics is provided. The methodology of the study is then discussed. Subsequently, the findings and discussion are presented. A conclusion of the study follows. Finally, certain limitations of the study are stated.

Literature review

Halal industry in Malaysia
In recent events of mishandling of halal foods, exploitation of halal food certification and apparent cases of foodborne illnesses, the integrity of halal foods sold in the markets is in doubt. Avoiding doubtful matters is important in Islam because the state of uncertainty could lead to haram. This is clearly mentioned by Prophet Muhammad, PBUH, as narrated by Al-Nu’man ibn Bashir in Jami’ at-tirmidhi (12:1205): The lawful (halal) is clear and the unlawful (haram) is clear, and between them are matters that are doubtful (not clear), which causes many people not to know whether something is lawful or unlawful. So, one must leave that which is doubtful to protect his religion and his honour; then he will be safe.

A significant portion of the food supply chain, from farms, to food manufacturing, to restaurant logistics, to retail, is dominated by non-Muslim businesses in Malaysia (Tieman, 2015). The result is that Malaysia saw the importance of establishing a halal standard for these non-Muslims to follow to better assure food production in the country is halal. Therefore, a halal certification body that will examine such elements as the procedures for slaughtering, ingredients used, cleaning, handling and processing, transportation and distribution and to ensure that the food product meets halal standards (Latif et al., 2014).

Currently, Muslim consumers have greater understanding in halal and possess greater knowledge in halal food consumption and purchase, thus making them more particular and sensitive to products or services offered in the market. Manufacturers and marketers utilise the halal certification, which is indicated by the halal logo on the (food) packaging, to notify and assure the consumer that the product is halal or Sharia-compliant (Shafie and
In Malaysia, the Department of Islamic Development Malaysia (JAKIM), a government agency, has jurisdiction and authority over all halal matters. The department is not only responsible for the implementation of relevant acts, laws and regulations pertaining to local halal requirements, it also plays a significant role on the international scene through its halal standards, such as MS1500:2009 (Tieman and van Nistelrooy, 2014).

As the number of halal products, type of halal products and services, as well as their scope is fast increasing, the halal industry continues to expand all over the world at a rapid pace. According to the Halal Industry Development Corporation (HDC), Malaysia’s halal export is expected to grow to 99.5mn Ringgit by 2020 from 34.5mn in 2013. The necessity of designing specific halal clusters that will serve as the global hub for the halal industry becomes increasingly imperative (Tieman, 2015). A designated halal cluster or halal park would enable groups directly involved in the halal industry (i.e. halal manufacturers, traders, suppliers, LSPs, certification bodies and buyers) to trade and cooperate with each other more effectively. Various halal parks are being built around the world in countries, such as Malaysia, Thailand, Brunei, China, the UK and the UAE. A country seeking to design and gain recognition as a halal park must ensure that it possesses sufficient capabilities and infrastructure to support the global halal supply chain and halal certification bodies (Abdul Rahman et al., 2013). With its strategic location and more modern infrastructure as compared with other Muslim countries, Malaysia is well-suited to becoming a leading halal cluster or halal hub for the halal industry (Tieman, 2015; Abdul Rahman et al., 2013).

Tieman (2011) categorised halal development into three phases. In the first phase (Muslim company), the halal supply chain is purely based on trust. A Muslim is buying from another Muslim, and therefore, the seller will be responsible to god for ensuring that the food he/she is selling is halal. In the second phase (halal product), an important basis for trust is the halal certification (mark) behind this product as shown on the consumer product or outlet (in case of a meat shop or restaurant). This halal trust mark provides assurance that the product, its source and facility have been verified by an independent Islamic Certification Authority to be compliant with Shariah. In the third phase (halal supply chain), the halal trust mark provides assurance that the entire supply chain is compliant with Shariah, which is audited and certified by an Islamic Certification Authority. Malaysia is one of very few countries that has entered the third phase of halal development (i.e. the “halal supply chain”; Tieman, 2011). The halal certification issued by JAKIM is also recognised all over the world (Latif et al., 2014).

**Halal logistics**

Martin Christopher (1998, p. 4) defines logistics as:

> [...] the process of strategically managing the procurement, movement and storage of materials, parts and finished inventory and the related information flows, through the organisation and its marketing channel in such a way that current and future profitability are maximised through the cost-effective fulfilment of orders.

According to Harrison and Van Hoek (2005, p. 94), international logistics faces challenges such as extending lead times, long and unreliable transit times, multiple consolidations and break points and multiple freight modes and cost options. Halal logistics is basically the act of distributing halal goods across the halal supply chain. To prevent contamination during distribution, core logistics activities, such as transportation, warehousing, material handling and procurement, must be Shariah-compliant. According to Tieman (2013, p. 5):

> Halal logistics is the process of managing the purchase, transfer, storage, and control of material parts, livestock, partially finished or finished inventory of consumable and non-consumable
products, and related data and certification flows through the business and the supply chain in accordance with the general doctrines of Shariah.

Through halal logistics, halal assurance is addressed in all key stages in the logistics and supply chain activities to ensure that all halal products are protected from non-halal elements until they arrive at their final destination (Lodhi, 2009). Thus, halal LSPs should establish measures to protect halal products from any potential contaminants. For example, contamination can be caused by equipment that is contaminated or used together with non-halal products (Talib et al., 2010). In addition, halal and non-halal products should continuously be segregated in warehousing and transportation to avoid contamination (Riaz and Chaudry, 2004; Jafaar et al., 2011). Logistic companies should also use halal materials for the tertiary packaging of halal products (Soong, 2007). Packaging materials must not be made of substances which are considered as najis by Islamic laws and harmful to one’s health. Halal logistics has been attracting considerable attention both by practitioners and academics. Halal products could lose their halal status by direct contact with something that is haram during transport and warehousing (Tieman, 2011). Direct contact with something haram is caused by mixing halal and haram, better known as cross-contamination. Muslim consumers have become more aware of this threat to halal food products (Fathi et al., 2016). Therefore, halal logistics is necessary to guarantee the halal integrity of food products (Tieman et al., 2013).

Malaysia has two locally developed halal standards that are used by the halal-certified LSPs, namely the MS 1900:2014 and the MS 2400:2010. The MS 1900:2014, “Quality management system – requirements from the Islamic perspective”, is an extension of the ISO 9001 quality management system by incorporating Shariah requirements where applicable. It is more focused on the organisation itself and not on its processes. This standard has been developed by the Department of Standards Malaysia (DSM) and is certified by the Standards and Industrial Research Institute of Malaysia, not JAKIM. The MS 2400:2014, “Halalan-Toyyiban Assurance Pipeline Standard”, covers three modules: transportation, warehousing and retail. This standard is developed by the DSM and is certified by JAKIM. It is a process standard, but also addresses the organisation itself. The core of the standard is a halalan-toyyiban risk management plan, where halalan-toyyiban control points in the business processes and corresponding control measures are identified. However, there is no guidance on where the control points are, and the performance level required, making this a difficult standard to implement.

There is also an International Halal Logistics Standard, namely, the IHLAS 0100:2010, “ICCI-International Halal Integrity (IHI) Alliance Halal Standard: Logistics”, covering warehousing, transportation and terminals (IHI Alliance, 2010). Different from the Malaysian standard, it is a prescriptive process standard and provides the actual warehousing, transportation and terminal handling requirements and procedures. However, this standard is not yet certified in Malaysia by JAKIM, as it prefers to use the Malaysian MS 2400:2010. The consequence is that the design of the MS 2400:2010 for an LSP in Malaysia could be in conflict with the international halal logistics standard, causing problems in the management of global supply chains.

**Challenges in halal logistics**

Halal logistics may be a thriving industry, but several studies have shown that its development is hindered by several challenges (Tieman, 2011; Talib and Johan, 2012; Talib et al., 2013). Tieman (2011) and Wilson (2012) show that halal LSPs are adversely affected by the inefficiency of the halal certification authority, halal integrity issues concerning the certification process and transparency issues. Talib et al. (2013) classifies these issues into
five categories, namely, halal industry/business, integration among LSPs, collaboration with JAKIM/HDC, financial implication and government support and promotion.

Several limitations in the adoption of halal logistics are being discussed in the literature. First, manufacturing and trade cargo can originate from different countries, but only a few halal certification bodies in the world are recognised by JAKIM (Talib et al., 2013). To address this concern, Tieman (2013) suggests the establishment of a global halal logistics system which establishes the principles in halal logistics, that are fair and practical. Second, inadequate information and few experts in halal logistics lead to an ineffective system and a higher cost for halal logistics implementation (Talib et al., 2013). Lack of knowledge about the causes of contamination and the appropriate habits to avoid can therefore lead to inefficient and useless practices. Tieman (2013) discusses the necessity of establishing a global standard guideline to clearly define cross-contamination between halal and haram and optimise the halal logistics services. Third, halal-dedicated infrastructure, such as halal warehouses and storage units, halal transportation fleets and containers and halal-only handling equipment, are known to inflate the overall cost of halal logistics operations (Talib et al., 2013). Hence, due to financial constraints, and the fact that the majority of LSPs in Malaysia are small and medium enterprises (SMEs) (Sohail et al., 2006), not all LSPs can afford to offer total halal logistics services. However, even though the high logistics costs can be transferred to the customers (Tieman et al., 2013), halal practices should not significantly increase the cost of logistics (Tieman et al., 2012) and halal logistics practices should not lead to excessive costs (Tieman and Ghazali, 2013). In addition, halal logistics is less demanded, which does not justify the dedication of a facility for halal products. Thus, practicing halal logistics adds to the financial concern of LSPs. Hence, halal practices are not applied by most logistics companies, and halal and non-halal products continue to be transported together or stored in the same warehouse (Talib et al., 2013).

Talib et al. (2015) categorised the barriers of halal logistics operations to internal and external barriers. They refer to financial constrain, resistance to change and underutilised services as the internal barriers of halal logistics adoption. The external barriers were grouped into inter-firm barriers (standardisation issues, lack of dedicated halal facilities, unsupportive collaboration and traceability issues), firm–government barriers (lack of halal training and weak promotion of halal logistics) and firm–authority barriers (strict halal standards, costly and timely halal certification processes and firm–authority communication barriers). In another empirical study, Ngah et al. (2014) investigated the barriers and enablers in adopting of halal warehousing. They found awareness, complexity and top management support as the determinant factors, and supplier availability as a barrier in the adoption of halal warehousing services.

Methodology

The current study was performed to elucidate the challenges faced by halal logistics companies and the opportunities that drive these providers to adopt halal logistics practices. Few studies have evaluated the challenges and opportunities of halal logistics, so a qualitative study has been conducted through multiple focus group discussions (Sekaran, 2006). According to Stokes and Bergin (2006) and Walden (2006), focus groups are an effective instrument to obtain a rich understanding of a new phenomenon, such as halal logistics. The focus group facilitated an open and thorough discussion of selected entities led by the researcher which explored the challenges and opportunities of halal logistics (Walden, 2006). According to De Ruyter (1996) and Sekaran and Bougie (2009), focus group is a common tool for researching and discovering new phenomenon and for studies that are exploratory in nature. Furthermore, focus groups allow open, free-flow, spontaneous and in-depth discussion among the group members (Walden, 2006; Sekaran and Bougie, 2009),
and allow greater input in extracting more issues in halal logistics. Focus group can help to elicit a more interactive response from the participants (Fern, 2001).

Data collection

The key questions were sent in advance to the respondents to familiarise the providers with the topic as suggested by Evangelista (2014). A total of five focus group discussions, ranging from four to six participants in each group, were conducted for 90-120 minutes. The participants were managing directors, deputy managing directors, stakeholder managers and senior executives of five Shariah-compliant halal LSPs with two to eight years of experience in halal logistics. These individuals were selected because of their experience in halal logistics and familiarity with the challenges and opportunities associated with this practice.

During the focus groups, all groups were asked about their perceptions regarding:

- the potential risk in logistics which may lead to losing the halal-ness of the products;
- the potential extra cost of halal service compared to the normal service in logistics;
- the issues, obstacles and difficulty of meeting halal criteria; and
- the potential opportunities from practicing halal logistics.

Judgment sampling was performed to meet target groups. All focus group discussions were facilitated by a researcher with halal logistics knowledge in the meeting room of the companies. During each focus group, a second researcher was designated as a note-taker. Prince and Davies (2001) have identified moderator bias as a serious concern in conducting focus groups that can involve the content, the process or participation and the interpretation of the research results. As argued by Burrows and Kendall (1997), both moderators were experts in the topic of halal logistics and have the ability to manage the discussion to create an environment in which the participants who do not know each other feel relaxed and encouraged to engage and exchange views and ideas about the issue. The interviews were conducted in English, which did not pose a problem for the participants. The names of contributing individuals and companies are omitted to encourage openness of response. The companies are named AAA to EEE to differentiate their comments.

Data analysis

All focus group discussions were recorded by a voice recorder with prior consent from the participants. The conversations were then transcribed and summarised for analysis. “Framework Analysis” (Ritchie and Spencer, 1994), which is a matrix-based method for ordering and summarising data, was employed to analyse the focus group data. All the interviews were read and re-read, during which key themes were identified, numbered and indexed, resulting in a thematic framework (or index). The index was applied to the transcripts and field notes. Several versions of the index were refined and modified in an iterative process as new themes emerged from coding subsequent focus group interviews. Charts were created with columns representing the thematic framework (which comprised themes and sub themes), and the rows representing participants’ views, which were cross-referenced to the original transcripts. The end result was a set of data structured within an analytical framework that was grounded in participants’ own words.

Findings and discussions

The challenges faced by halal LSPs and the opportunities that motivated them to be early adopters of halal practices are discussed as follows.
Challenges

Ambiguous halal guidelines. The DSM developed guidelines for the production, preparation, handling and storage of halal products. However, these guidelines are general such that a single guideline can have various interpretations. Talib et al. (2013) also found ambiguous guidelines to be a cause of the lengthy certification process and higher cost in halal logistics. Most of the participants believe that JAKIM, HDC and LSPs should collaborate (challenge c) to establish a clear halal guideline and promote best practices that ensure the halal integrity and cost-effectiveness of the products.

Absence of international halal certification. More than 400 halal-certifying bodies exist worldwide, but these bodies have diverse criteria. Only a few certifications are recognised by JAKIM. This situation limits the ability of LSPs to work with them because JAKIM recognises only those that are registered with them. The participants believe that practicing halal logistics is difficult without an internationally standardised halal certification because the cargo originates from various countries, and halal LSPs cannot limit their business to only those that are recognised by JAKIM. Therefore, the absence of an international halal certification provides limitations even when working with companies that are certified by other halal certification authorities. In addition, Talib and Hamid (2014) state that without an international halal certification standard, halal integrity, as the main objective of halal logistics, is at risk. To address this issue, Tieman (2011) suggests the introduction of two compliance levels:

1. minimum level, which addresses the direct contact with haram, the risk of contamination and the preferred level of compliance; and
2. preferred level, which includes the perception of Muslim consumers.

This minimum level applies to non-Muslim markets, whereas for Muslim (destination) markets, a preferred level needs to be followed. Wilson (2012) suggests that the scholars establish the parameters, and from these World Halal Forum would develop a set of standards that could be applied worldwide and accommodate the various opinions.

Logistics companies are certified by different halal logistics certifications worldwide. The criteria for halal logistics in Malaysia are very strict. For example, non-halal products cannot be stored in a halal warehouse, and halal LSPs should allocate dedicated facilities for handling halal products. These criteria present halal LSPs with three main challenges. First, allocating dedicated halal infrastructure is costly, and small halal LSPs cannot afford this requirement. This limitation is also recognised by Talib et al. (2013). Second, given that the demand for halal logistics still is not high, under this condition, a halal LSP cannot use the maximum capacity of its facilities. This factor causes a financial burden for halal LSPs. Third, the criteria of halal logistics standards in other countries are more cost-effective, which impedes the international competitiveness of Malaysian halal LSPs.

Lack of collaboration among LSPs, HDC and JAKIM. In Malaysia, halal certification is under the sole jurisdiction of JAKIM. The collaboration between JAKIM and HDC, and LSPs is insufficient, which has possibly led to the occurrence of other challenges, such as ambiguous halal guidelines, standards that are not cost-effective (challenge d) and a lack of demand. In addition, a close collaboration among LSPs, HDC and JAKIM may prevent unessential and problematic decisions in the future. For example, JAKIM currently issues a halal warehouse certification. The issuance of halal-truck certifications is probably the next step. Experts in halal logistics believe that these halal logos carry unnecessary duties for halal LSPs and should be avoided. However, practitioners believe that decision makers in DSM should open their minds to developing a halal criteria similar to those in other countries
to address these challenges. Given the strict criteria in Malaysia, Hong Kong and China prefer to conduct business with Singapore instead of Malaysia. Therefore, Malaysia suffers from potential loss of business. Talib et al. (2013) also highlight lack of communication between JAKIM, HDC and LSPs as one of the issues faced in halal logistics.

Standards that are not cost-effective. The present Malaysian standards are not regarded by the logistics industry as cost-effective. For example, a non-halal product cannot be stored in the same warehouse as that for halal products, which prevents the optimised use of a facility considering that the demand for halal services is not as high as necessary to have an economically feasible need to segregate the warehouse of halal products from non-halal ones (challenge h). The managing director of company BBB stated that, “The non-halal products can be stored in a halal-warehouse without any direct contact with halal products. Thus, although they are maintained in one warehouse, contamination cannot happen”. The participants believe that the standards are established by religious authorities who do not understand logistics operations. The managing director of Company EEE mentioned:

We presented the JAKIM halal logo in European countries. They were interested in using this internationally accessible to Halal logo as there are many Muslims in these countries, but when they started talking with JAKIM and faced the difficulties of JAKIM standards, they lost interest.

As such, collaboration between JAKIM and LSPs is essential for establishing reasonable and applicable standards. They believe that procedure is of utmost importance to maintain the halal integrity of halal-certified products. This indicates that activities such as how LSPs clean the truck and the process of handling the product from procurement to delivery are the practices that should be addressed with utmost attention. Training should also be provided in this area. This finding is consistent with those of Talib and Hamid (2014) who state that halal inspection and certification agencies have insufficient knowledge and understanding of halal and logistics business combined. The halal authorities should understand that the main objective of all LSPs is profit maximisation, and unnecessary regulations will create hardship for the logistics industry and will reduce the attractiveness of the logistics industry to convert to halal logistics operations.

Competition in the transportation sector. Over-competition exists in the Malaysian transportation industry. This factor creates pressure to increase productivity and reduce cost. The managing directors of company AAA stated that:

[…] the truck manufacturers sell trucks with high loans. Hence, most of the trucks in the transportation industry are owned by individuals who have no registered companies or employees. Thus, price plays an important role because customers have numerous alternative choices for shipping their products. Adopting visibility technologies, such as radio-frequency identification and global positioning systems, for monitoring halal integrity is costly, and in this price competitive market, it seems impossible.

Lack of demand. The demand for halal logistics is still small. All five halal LSPs claimed that halal food cannot fill up even 30 per cent of the total halal warehouse capacity of their companies. Thus, they fill up this capacity with the products that do not need to be segregated, but without the risk of contamination for halal food such as televisions. The participants found that the fact that halal logistics is not mandatory for the issuance of a halal certificate for halal food manufacturers is the primary reason for the lack of demand. In addition, the participants mentioned that the higher price of halal logistics is needed because of extra steps that need to be taken, such as the ritual cleansing of vessels, compared with conventional logistics, is another reason for the low attractiveness of halal logistics services among halal-food manufacturers (challenge h).
**Halal logistics is not mandatory.** The use of halal-logistics services is not mandatory for the issuance of halal certifications to halal-food manufacturers. Halal food could lose its halal integrity during transport and storage. Thus, halal assurance should be continued by using halal-logistics services in addition to meeting other requirements for halal consideration. The stakeholder manager of company EEE stated that:

As halal logistics has extra cost compared to conventional logistics and it is not mandatory to get a halal certification, our first tier customers prefer to use conventional logistics services. Therefore, DSM should formulate the halal criteria by considering the whole chain. This process requires a holistic and integrated model.

**Financial challenges.** The managers of LSPs believe that the main objective of each LSP is to maximise profits. Managers of halal LSPs claimed storing halal products in a separate warehouse and using different tools for handling halal products require LSPs to invest heavily in halal logistics. Deputy managing director of company EEE stated that “monitoring halal services approximately doubles the cost of checking points”. Moreover, halal LSPs cannot operate at full capacity because the demand for halal logistics services is lacking even from halal-certified (food) manufacturers. The manager of company AAA claimed that “as halal logistics is not mandatory and it is more expensive compared to conventional logistics, the demand for it is very low”. In addition, the manager of company DDD stated that “many of our customers in Islamic countries say that everything in our country is Halal. So why we should pay for halal logistics?” Therefore, practicing halal services is not attractive for LSPs. Tieman et al. (2012) emphasise that halal logistics practices should not significantly increase the cost of logistics because this factor would be an important determinant for the adoption of halal logistics by LSPs.

**Misunderstanding of halal practices.** Some misunderstandings exist as to which situations may lead to contamination. For example, the senior executive of Shariah compliance of CCC company mentioned “Halal food products will not be contaminated if they are stored in a warehouse with cans of non-halal foods”. In addition, the deputy managing director of company BBB stated that:

When the halal products are packed, there is no more concern about contamination. Eventhough, JAKIM is so strict and wants us to keep halal and non-halal products in different places which is in contrast with halal logistics efficiency and optimization which will be a problem and when it happens, halal logistics will become too costly.

These types of mindsets are dangerous and create big problems for halal LSPs.

**Opportunities**

**Extra services.** The halal LSPs that participated in the focus group sessions believe that providing a special service can differentiate a company from its competitors. The managing director of AAA company mentioned that “in the present competitive market, service differentiation is essential. In an Islamic country like Malaysia, halal service is one of the best ways to differentiate logistics services”. As such the halal LSPs can differentiate themselves from competitors by providing halal logistics service that includes halal warehousing and storage, halal transportation and distribution and samak service (ritual cleansing).

**High potential market.** All interviewees believe that halal logistics is a new concept in Malaysia, with a high potential that is yet to be activated because of the many challenges it faces. The market will be able to be developed in the near future when these issues have been solved. The mandatory use of halal logistics for halal product certification in the future will lead to a bigger market. The manager of company DDD mentioned:
As the halal concept is new, the JAKIM does not want to confuse the industry. JAKIM want to attract more companies to apply for halal certification. When many companies get halal certification then halal logistics will become compulsory.

Establishing a name as a halal LSP provides the opportunity to be more successful in the overcrowded logistics market.

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Conclusion and implications
Halal logistics is a new phenomenon driven by the halal industry to extend halal from the source to the point of consumer purchase, thus ensuring the integrity of the halal product for the end-consumer and export markets (Tieman, 2013). In the present study, the challenges and opportunities faced by early adopters of halal logistics were investigated. The methodology adopted in the study generated a rich picture of the challenges and opportunities faced by halal LSPs. The results of the study show nine challenges, namely, ambiguous halal guidelines, absence of an international halal certification, lack of collaboration among LSPs, JAKIM and HDC, standards that are not cost-effective, over-competition in the transportation section, lack of demand, no halal logistics compulsion, financial challenges and misunderstanding of halal practices. In addition, halal service is an additional competitive service, and the prospect for future market growth should be recognised as a motivator of early adopters of halal LSPs. The results of the present study are consistent with those of Talib et al. (2013) and Tieman (2013) and extend their findings by detecting challenges that were not discussed in previous studies.

Figure 1.
Challenges of halal logistics adoption for logistics companies
These challenges are interrelated, which suggests that the challenges should be addressed collectively because addressing these issues individually is not feasible. The lack of collaboration between halal LSPs and halal agencies is an issue that overshadows the majority of the challenges (Figure 1). Therefore, the first step in addressing the challenges should be the establishment of an effective collaboration among JAKIM, HDC and halal LSPs to address the challenges and to set the standards that secure the halal integrity of the product throughout the whole supply chain while being cost-effective. This study contributes to the pool of information on the challenges and opportunities of adopting halal logistics. The findings provide insight for decision makers on the importance of addressing these challenges and enhancing opportunities for halal LSPs to motivate them to start halal logistics practices.

Limitations and recommendations

Certain limitations should be addressed to generalise the results of this study. First, the sample investigated is relatively small because of the selected research method. Thus, empirical generalisation may be achieved by increasing the number of focus groups and supplementing them with a wider questionnaire survey. This study can also be extended in other ways. Additional research is needed to investigate how JAKIM, HDC and halal LSPs can collaborate more closely, how these agencies can address the present challenges and how halal logistics can be diffused. The impact of using halal logistics on the performance of halal companies could also be studied.

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Further reading

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