Halal logistics opportunities and challenges

Suhaiza Zailani, Mohammad Iranmanesh, Azmin Azliza Aziz and Kanagi Kanapathy

Faculty of Business and Accountancy, University of Malaya, Kuala Lumpur, Malaysia

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

The authors acknowledge the financial support of University of Malaya under the grant number of RP016C-13SBS, which has made the presentation of this paper possible.