

A study On The Halal Food Supply Chain

Using 3 Countries Perspective

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ABSTRACT

Halal food supply chain is one of the things that is being highlighted in various parts of the world based on a report from the Global Islamic Economy. All of the questions regarding the core of this research focused on finding out the system halal food supply chain of Japan and Malaysia and comparing both with the system halal food supply chain of Indonesia. Indonesia is one of the largest Islamic countries in the world, while the system in halal food in Indonesia is the halal certification system issued by the MUI. Halal certification of a food production facility, food product, or slaughterhouse is an examination of the people, practices, and products that comply with Islamic laws by a competent organization. The Malaysian Islamic Development Department, abbreviated as (JAKIM), is the Malaysian government agency that regulates Islamic religious affairs in Malaysia. the halal process in Japan, it is based on the system carried out by Malaysia, the Japanese government collaborated and adopted the system for implementing halal certificates in Malaysia. Some halal institutions in Japan can have ties with the existing system in Malaysia as shown in the picture above. For example JIT has obtained mutual certification from Malaysia (JAKIM). There are several halal certificate organizations in Japan such as the Japan Muslim Association, Japan Halal Association, Kyoto Halal Council etc. The aim of this research, is to analyse three perspective about halal supply chain management in Indonesia, Japan and Malaysia. Indonesia have different system of halal supply chain between Japan and Malaysia. The result of this research is analyse and compare best system of halal supply chain.



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1. INTRODUCTION

1.1 Background

Islamic Economics is one trend that is becoming the focus of many countries in the world. It provides a substantial contribution in the world economy (Powers, 2008). In 2017, Muslims in the world spent \$ 2.1 trillion in the halal industry and is expected to continue to rise. Here's a Muslim expenditure data in the halal industry.

TABLE I
WORLD HALAL INDUSTRY

No.	List of World Halal Industry	Spending Against Muslim Halal	Estimated Expenses Against Muslim
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		Industry in 2017 (US \$)	Halal Industry in 2030 (US \$)
1	Halal travel	177 M	274 M
2	Halal food	1303 M	1863 M
3	Islamic financial	2438 M	3809 M
4	Muslim fashion	270 M	361 M
5	Media and recreation	209 M	288 M
6	Pharmaceutical kosher	87 M	131 M
7	Halal cosmetics	61 M	90 M

Source: the state of the global Islamic economic report 2018/2019

From the data, it can be concluded that the halal industry has great potential and will continue to thrive in the global economy. Muslim majority countries are the biggest contributors in the world halal industry. One of them is the Indonesia. Indonesia has the potential to become a major player of world halal industry. This potential is based on many reasons, including the largest Muslim population reaches 215 F, Indonesia represent 13% of global Muslim population. Then the aggregate expenditure of US \$ 218.8 M in various economic sectors sharia. With the composition of US \$ 170 M on halal food expenditures. Furthermore, Indonesia is now ranked 10 in the global industry sharia economy, driven halal food sector. From the data in Global Islamic Economy Report 2018/2019 . Indoneisa as top 15 in GIE Indicator Score, Indonesia as a top 10 in the travel industry halal fashion modest and Islamic finance. However, indonesia is not included in the Top 10 Halal food industry. This illustrates that Indonesia is still unable to compete with countries that are included in the top 10. Based on data regarding the development of the food and beverage industry, food and beverage show growth higher than non-oil industry.

Growth in the food and beverage industry has fluctuated from 2012 to 2014 and an increase from 2015 to 2017. It is proved that the food and beverage industry appeal to the people of Indonesia are muslim majority country . Food and beverage industry is the main attraction for the people of Indonesia, should be the focus of the government to create a good system of halal food supply chain. At this time Indonesia introduced a system of kosher food supply chain in production, without considering the processes in the supply chain more. Unlike the halal food supply chain system applied by the country of Malaysia and Japan. The country has implemented halal food supply chain system as a whole in each of the supply chain process.

Malaysia became one of the countries with a good implementation of the halal supply chain. Malaysia has always entered the top 10 in all categories of halal industry. Japan is a country that has adopted the Islamic minority halal supply chain quite well and Japan became one of the tourist destinations of Indonesian society.

The process of halal food supply chain in Indonesia starting from registration, product audit process, the evaluation of the audit process in the product, giving fatwa kosher and halal certification. This illustrates that the halal food supply chain system is focused only on the product.

The process of determining the halal food supply chain in Malaysia is a constituent of the determination kosher, halal certification tools, marketing halal, kosher process, halal issues. There are several processes through the establishment of halal food supply chain in Malaysia. While in the process of determining the halal food supply chain in Japan began with the establishment of friendly Muslim certain types of food categories, certification body, kosher certification organization. Japan is one country that is cooperating with the organization JAKIM Malaysia. JAKIM Organization is an organization in Malaysia is one of the religious institutions that regulate religious affairs. JAKIM has lawful procedures that govern the management of supply chain processes on the halal industry in Malaysia.

Indonesia still has many shortcomings in the system halal supply chain, especially in the halal food supply chain. Therefore based on this research that focuses on the study carried out by Indonesia against the halal supply chain management system in Malaysia and Japan.

Research question

All of the questions regarding the core of this research focused on finding out the system halal food supply chain of Japan and Malaysia and comparing both with the system halal food supply chain of Indonesia. The questions are:

1. How is the halal food supply chain system in Indonesia?
2. How is the halal food supply chain system in Japan?
3. How is the halal food supply chain system in Malaysia?

Research aim

The aim of this research, is to analyse three perspective about halal supply chain management in Indonesia, Japan and Malaysia. Indonesia have different system of halal supply chain between Japan and Malaysia. The result of this research is analyse and compare best system of halal supply chain.

1.2 Lecture Study

Operational improvement of the management of the supply chain of the products needed which aims to build a supply chain that focuses attention to maximize the added value for the customer to create quality products that can compete on the market share that has been determined. Supply chain management describes the process of the supply chain from the upstream and downstream activities. (Heizer et al, 2018). According copper, et al in Quynh and Huy (2018) includes the management of the supply chain of materials, money and information to maximize customer satisfaction and improve competitive advantage. Schroder and Goldstein (2018) defines the management of the chain Procurement is the design process to meet the real needs of the end customer.

According Heizer, The halal supply chain includes all kosher chain of activities delivered to the customer (Yusoff, and Yusof Hussin, 2015). According Zulfakar, et al Khan et al (2018) Management of the Halal supply chain that defines all chain processes have a halal integrity of customer delivery source. logistics management play a vital part in the management of a legal product such as transportation, storage, handling in the upstream and downstream processes. HSCM (Halal supply chain management) has three focuses namely 'halal', 'toyyib' and 'farm to fork' were considered, Khan et al (2018). Halal means integrity or accent shariah compliant products. Done Toyyib reference that the product Halal should be healthy and, safe, nutritious, non-toxic, non-intoxicating or not hazardous to health (Tieman, Demirci, et al Khan et al, 2018). ways fork farm various processes involved in the supply chain from the origin to the consumption of the product. (Adalja & Lichtenberg Khan et al, 2018). The objective of classical and halal supply chain are different. In the conventional short supply chain to focus on increasing the competitive advantage. However, the main purpose of the supply chain is kosher to expand the halal integrity in accordance with Shariah from source to point of purchase end customer (Tieman et al & Mohd Baharudin, et al in Yusoff, Yusof and Hussin, 2015). In the other side,

Halal food supply chain (HFSC) is one of the unique supply chains due to Islamic teachings (Shari'a) in which Muslims must adhere to concepts of halal (lawful or permitted) and Haram (unlawful or prohibited) (Ismail et Fujiwara 2018). halal food, one of the most important issues for TravelRes Muslims living in a Muslim country (halal food supply chains is more specific ingredients materials such as non-pork, no alcohol or products. therefore, kosher food is not only for Muslim customers, non-Muslims and sonsume customers can also buy kosher food.

Halal certificate institution in Japan in cooperation with the halal certification body of the Malaysian government (Jakim) is composed of the Muslim Association of Japan (JMA) and the Japan Association halal (JHA) have been previously certified by JAKIM. The other four organizations (NAHA, MPJA, JHUA, JIT) have recently been certified since February 2017. Schematic flow of halal food supply chain is composed of the first step is to prepare the raw materials that consider slaughterhouses as Islamic teachings and supply of raw materials. The second step in the process is to examine the methods of separating animal oils and fats for

packaging. The third step is the distribution, at this stage, the product must be isolated from non-kosher product when stored in containers and warehouses. The fourth step, namely retail,

In Malaysia, halal food manufacturers must conform to the MS 1500: 2009 to obtain certification Halal (Halal logo). the food supply chain in Malaysia Halal across from the feed of kosher, Halal Slaughter, handling and the legal storage, packaging Kosher, Halal Kosher logistics and retail. All elements of the chain is necessary to have legal requirements for the creation of halal products, especially food no doubt for the consumer to consume (Yusoff, yusof and Hussin, 2015).

Supply Chain system halal food supply in Indonesia from halal certification. certificate of halal products in Indonesia awarded by the Research Institute for Food, Drugs and Cosmetics Indonesian Ulama Council (LPPOM MUI). Halal certificate validity period is two years. Indonesia needs to maximize the development of the halal food industry with the active participation of financial institutions, especially the Islamic banks. The role of Islamic banks to optimize all processes of halal value chain includes the control of verification of halal logistics, kosher and halal (Waharini & Purwantini, 2018).

2. METHODS

Halal managing the food supply chain explain Indonesian HFSCM system system, Japan and Malaysia. This research method is based primarily on the use of qualitative research. According to qualitative research **Samuel (2018) "Qualitative research to understand and interpret a particular phenomenon using conceptual tools that are formulated in the process of reflection on the phenomenon in question",**

- Type of survey: This study is descriptive, which is to describe the management Objectively halal food supply chain to produce the data are objective, accurate and reproducible. Describe the management of supplier relationships, manufacturing and consumer relationship management.
- Collecting data in this study using a literatur review with a systemic approach to disscussion pentahelix. In the FGD involved five parties in the kosher food supply chain. The five parties are university (The academics who are experts in the supply chain management), Government (Government makes the kosher food supply chain system as MUI, Jakim and JAM), Producers (producers who have implemented a kosher food and apply the supply chain Indonesi and Japan), Consumers (Consumers using halal products from Malaysia Indonesia Japan) and the media (the media inform the public about halal food supply chain), The five parties come from products from third countries, namely Indonesia, Malaysia and Japan.
- Technical Data analysis: There are several indicators that will be explained in the Halal food supply chain, including: supplier management consists of Livestock and Supply, manufacture includes methods, packaging and management of consumers made up of distributors (transportation, display) and retail (food, dishes).

3. RESULTS AND DISCUSSION

One of the things that makes a country attractive to visit is the existence of a food industry that offers delicacy and choices that are preferred by tourists or consumers. With the development of halal tourism, it is also in line with the most important need, namely halal food. Halal food is a major requirement, especially in Muslim-majority countries such as Indonesia and Malaysia. Besides that, a country that is open and is starting to be aware of the existence of Muslim tourists is Japan. Japan has proven capable of improving Muslim-friendly facilities to meet the basic needs of Muslim tourists as a form of omotenashi. This country synergizes with various Islamic institutions inside Japan and outside Japan, for example, to obtain halal certificates for its products. After analysis, it can be concluded that compared to previous years, the number of Muslim-friendly facilities has increased. Of the six faith-based needs of Muslim tourists, four of them have been met, namely the need for halal food, places of worship, restrooms with water, and recreational services with privacy.

a. Halal Food Supply Chain in Indonesia

Indonesia is one of the largest Islamic countries in the world, while the system in halal food in Indonesia is the halal certification system issued by the MUI. Halal certification of a food production facility, food product, or slaughterhouse is an examination of the people, practices, and products that

comply with Islamic laws by a competent organization. Halal-certified food generally gets a special mark or logo indicating that the product has been independently inspected. There are hundreds of organizations around the world that offer halal certification services, but the exact definition of halal is not always the same. This difference is caused by the perception of the halal certification method for one organization is not the same as for another organization. In his research, Kho Di Dza concluded that the differences in the halal system in Indonesia and Malaysia lie in the halal certification system, halal certification procedures and the halal assurance system. In addition, the differences in regulations in halal certification procedures in Indonesia and Malaysia include registration, pre-audit, audit, post-audit evaluation, and issuance of halal certificates (Kho Di Dza, 2014). As of October 17 2019 BPJPH has carried out the task of first phasing out the mandatory halal certification for food and beverage products, as well as services related to food and beverages. The stages of halal in Indonesia are as follows: Halal certification process flow

- Applying for halal certification.
- Checking the completeness of documents and establishing a halal inspection agency
- Checking and/or testing product halalness
- Establishing product halalness through halal fatwa meetings
- Issuing halal certificates.

b. Halal Food Supply Chain in Malaysia

There are lot of things to do in manner to promulgate halal food industry in Malaysia as the benchmark worldwide. Since, Malaysia has a lot of initiatives to develop this title, stakeholders and other Malaysia players should be collaborate each of their efforts. From the literature review, it is clear stated that many issues and challenges occur in the food industry because there is no integrity in halal practices. The Halal Product Assurance Organizing Agency (BPJPH) received a visit from the Malaysian Islamic Development Department (JAKIM). The seven JAKIM delegations led by Sirajuddin bin Suhaimee were received by the Head of BPJPH Sukoso and his staff. According to Sirajuddin, JAKIM's visit was in the context of increasing cooperation between Indonesia and Malaysia in the field of halal products. The Malaysian delegation hopes to build an understanding between Indonesia and Malaysia regarding the implementation of halal certification. Jakim is an institution that issues halal certification in Malaysia. The stages for obtaining halal certification in Malaysia are as follows:

- Business owners in the food sector apply to Jakim's E-Halal system by reporting their supply chain management, namely all ingredients used, who is the supplier of these ingredients, and whether the supplier has obtained a halal certificate.
- Furthermore, the audit process will be carried out by Jakim by visiting the food factory or business. AKIM has required multinational companies to implement a halal assurance system or appoint an internal auditor to oversee the production process. The auditor must ensure the process complies with halal requirements.
- After the halal certification is issued, Jakim will hold an impromptu inspection once a year. If there are complaints from consumers, Jakim will immediately inspect the food entrepreneur

c. Halal Food Supply Chain in Japan

The following is an overview of the flow of halal food in Japan:

TABLE 2
HALAL CERTIFICATION ORGANIZATIONS IN JAPAN

Organizations	Mutual certification of JAKIM
Japan Muslim Association (JMA)	Yes
Japan Halal Association (JHA)	Yes
Nippon Asia Halal Association (NAHA)	Yes
Muslim Professional Japan Association (MPJA)	Yes
Japan Halal Unit Association (JHUA)	Yes
Japan Islamic Trust (JIT)	Yes
Malaysia Halal Corporation	No
Islamic Center Japan	No
Kyoto Halal Council	No

Figure 1 Halal Certification Organization In Japan

As for the halal process in Japan, it is based on the system carried out by Malaysia, the Japanese government collaborated and adopted the system for implementing halal certificates in Malaysia. Some halal institutions in Japan can have ties with the existing system in Malaysia as shown in the picture above. For example JIT has obtained mutual certification from Malaysia (JAKIM), United Arab Emirates, Qatar, and Thailand. They suggest a philosophy of three Hs (Halal, Hygiene, Healthy). Certification is carried out through inspection and discussion at manufacturing and processing facilities. If there is any improvement required in the raw materials and manufacturing processes, they give advice for obtaining halal certification. In any case, they ask experts for detailed advice on Islamic legal views. The certification cost is 300,000 yen (about 2,655 USD) if five products are produced in the same facility. A further cost of 20,000 yen (about 117 USD) is required per additional product. The validity period is one year.

As described above, certification guidelines are somewhat different depending on which certification organization is considered. Some organizations have strict regulations of Islamic teaching. The others have a Muslim friendly policy. It is also important whether the organization has mutual certification with JAKIM in Malaysia. All stakeholders for halal foods (suppliers, manufactures, retailers, etc.) should choose the certification organization according to their management strategy.

There are 4 stages carried out in the halal food supply chain process in Japan, including:

- inspection of raw materials
- process in food processing seen from the method and packaging used
- distribution or logistics processes
- processes carried out in the kitchen.

4. CONCLUSION

One of the things that makes a country attractive to visit is the existence of a food industry that offers delicacy and choices that are preferred by tourists or consumers. With the development of halal tourism, it is also in line with the most important need, namely halal food. Indonesia is one of the largest Islamic countries in the world, while the system in halal food in Indonesia is the halal certification system issued by the MUI. Halal certification of a food production facility, food product, or slaughterhouse is an examination of the people, practices, and products that comply with Islamic laws by a competent organization. The Malaysian Islamic Development Department, abbreviated as (JAKIM), is the Malaysian government agency that regulates

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