

Benchmarking of Supply Chain Strategy on Halal Certification Bodies

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Abstract— the need for halal products is increasing due to an increase in the number of Muslim populations in various countries. Halal product guarantees are given by institutions that have independent authority to issue and certify halal certification. It is intended that consumers get the best quality of products on the market. Regulations in the issuance of halal certification involve business actors who are interconnected, including suppliers of raw materials, production process and consumers. In this case, the distribution of products from upstream to downstream in the halal supply chain needs to be evaluated in order to know the strategy of the institution in releasing the halal certification. The purpose of this study was to benchmark the strategy of halal certification bodies in Southeast Asia by adopting the supply chain management approach. Data collection in this study was conducted at MUI - Indonesia, JAKIM- Malaysia and MUIS - Singapore. This study found that the aspect of Halal Integrity had the lowest value. Furthermore, JAKIM based on supply chain management was known to have a better halal certification agency strategy in this case with a percentage of 77%. In addition, results of this study can be implemented to evaluate the strategy of halal certification agencies based on Supply chain management. Further study is suggested to conduct policies and strategies related to halal labeling in different countries that penetrate the market in Southeast Asia.

Index Terms—Halal concept, Halal certification body, Supply chain management, Southeast Asia.

I. INTRODUCTION

Currently, the number of Muslim population has increased in various parts of the world [1]. This causes an increase in the need for halal food consumed on local and international markets. To guarantee the halal status of a product, there are institutions that regulate, issue or certify

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halal certification for distribution on the market. Furthermore, Abd Latif et al. (2014) conducted a study by examining consumer satisfaction with the performance of halal institutions that are globally recognized in various countries. They found that JAKIM Malaysia as an institution that provides halal certification has been categorized better than some other countries.

Halal certification bodies provide services to issue halal labels for business actors. There is a study concluded that there are many businesses that registers their products to strengthen the halal supply chain strategy in winning market competition [3]. There are several business units that register their products with halal certification providers including abattoirs, restaurants, industrial processes, minimarkets and traditional markets. Furthermore, there is a study also stated that products labeled as halal provide the best quality assurance to consumers [4]. Obviously, halal certified products have value to ensure that the product has good quality to consume.

Furthermore, institutions providing halal certification for business units should develop appropriate strategies to improve their services in order to be able to convince more business units to obtain halal labels every year. A research concluded that improving service quality is influenced by supply chain management in business units [5]. Thus, this research needs to evaluate the strategy of halal certification provider institutions based on supply chain management. Furthermore, the aim of this study was to benchmark the strategies of halal certification provider institutions based on the management of halal supply chain strategies. Scope of this study was conducted on three halal certification bodies involving MUI, JAKIM and MUIS.

II. BENCHMARKING HALAL SUPPLY CHAIN

The Halal certification bodies in this study is an institution located in Southeast Asia including Indonesia, Malaysia and Singapore. The purpose of implementing halal certification in food products, medicines and cosmetics is to provide a guarantee that a product is safe for consumption and use. Urgency Halal certification is a responsibility of producers to consumers and as a marketing tool in increasing consumer satisfaction and trust.

A. Halal Certification Body

Halal certification is committed to business units that guarantee that all materials used in all production processes produce products with guaranteed quality [6]. The implementation of halal certification in Indonesia is carried out by the Indonesian Food and Drug Research Institute and

the Indonesian Ulema Council (LPPOM MUI). In Malaysia, halal certification is regulated by the Department of Islamic Development Malaysia (JAKIM) while halal certification in Singapore is managed by Majlis Ugama Islam Singapore (MUIS) or Islamic Religious Council of Singapore.

B. Supply Chain Management

Regulations to halal certification involve several business units which it showed in strategy of Supply Chain Management. In this regard, it is necessary to evaluate the certification process of the strategy of halal label providers to maintain the hygiene of products, especially food products that are widely consumed by the public. Ideally, institutions that are granted halal certification have a good supply chain strategy to increase the productivity of business units. Supply chain management (SCM) is a network of organizations between business actors from upstream to downstream in different processes and activities to produce value-added goods and services to customers [7]. Business units in the supply chain strategy include suppliers, producers, distributors, and supporting companies (logistics services).

From previous studies there are studies of supply chain strategies in different case studies. Zulfakar et al. (2019) discussed supply chain management strategies regarding halal meat products originating from non-Muslim countries, Australia. Furthermore, Mohd Nawawi et al. (2019) examined the halal supply chain in Thailand which is one of the most well-known countries with the most tourists. Kamisah et al. (2018) discussed the halal supply chain in Malaysian halal food by evaluating its performance. Furthermore, Dahlan and Abdullah Sani (2016) discussed halal supply chain based on customer satisfaction in three countries involving Malaysia, the United States and the Netherlands. The above research concludes that several countries have focused on halal product policies. Therefore, benchmarking strategies of halal certification bodies in several countries are needed based on the supply chain approach.

III. METHODOLOGY

This study illustrates a phenomenon that is currently happening in business units for improving the quality of service. A study concluded that the phenomenon of an event can be examined with a case study approach [12]. Furthermore, this phenomenon of events is directed based on the adoption of supply chain management methods because the halal product business units form a network of cooperation to strengthen each other in providing the best quality assurance. The sample size in this study was taken from halal certification institutions in Southeast Asia including Indonesia, Malaysia and Singapore.

This study used qualitative methods through several approaches including depth interviews, direct observation, focus group discussions and online surveys. The framework

adopted in this study was to use supply chain strategies in halal institutions in three countries. Data collection techniques in this study were carried out through observation and interviews with all components of supply chain management including slaughterhouses, restaurants, industrial processes, minimarkets and traditional markets. Then proceed with knowing the work procedures of each business unit in handling the products produced. For data validation, a focus group discussion was held with halal certification institutions by presenting auditors, fatwa commissions and other stakeholders. The business process of the halal certification body was identified through the official website as follows:

1. Indonesian Ulema Council (MUI): <http://www.halalmui.org/MUI14/>.
2. Department of Islamic Development Malaysia (JAKIM): <http://www.halal.gov.my>.
3. Singapore Islamic Religious Council (MUIS): <https://www.muis.gov.sg/>.

Benchmarking process was done through a supply chain management framework using the SCOR model. Lestari et al. (2019) created a Halal supply chain framework based on aspects of Supplier, production, distribution and halal integrity. This research develops the 4 aspects above into several indicators in benchmarking the strategy of halal certification bodies.

IV. RESULT AND DISCUSSION

This study found 57 indicators for benchmarking the halal certification agency's strategy which can be seen in Table 1. In addition, the process of data analysis also determines halal supply chain performance in the MUI, JAKIM and MUIS based on 4 aspects of the supply chain strategy which includes suppliers, production, distribution and halal integrity. Detail value of halal supply chain performance can be seen in fig 1 which it shows that the value of halal integrity is the lowest aspect. This is due to the absence of the imposition of sanctions on business actors who do not yet have certification. This policy cannot be implemented as a whole because there are still many business units that do not have halal certification. In Singapore, business units rely solely on consumer confidence in the status of Muslim-owned business units. Strategy in the aspect of production is better than other aspects. This is because the role of the auditor is very necessary given that in the audit and control process, all processes related to the whole production are examined. Policy in Malaysia implies that every large company must have a halal executive and internal auditor working in the company's work units. Furthermore, JAKIM have a better halal certification agency strategy with a percentage of 77% which it can be seen at fig 2.

TABLE I
 INDICATOR OF HALAL SUPPLY CHAIN

Aspect	Attribute	Indicator
Supplier	Cattle feeding	Officers who take care of livestock or poultry are Muslim The source of the feed is known and in accordance with the physiological needs of the animal Provision of drugs and vitamins in registered cattle Feeding according to weight and scheduled
	Cattle slaughter	Cattle slaughtering officer is Muslim The clerk has a slaughter certificate The cattle is slaughtered according to the provisions (age, weight and gender) Slaughtering cattle with stunning process Slaughterers wear special uniforms Slaughtering is carried out in slaughterhouses that have been halal certified
	Raising livestock	Cattle are kept in cages and belong to individuals Shelter cages are separated from productive female cages Diseased cattle are separated from healthy ones The location of livestock farming is far from residential areas The number of livestock in accordance with the capacity of the cage
Production	Production	The business unit has permanent auditors as their employees Employees know the composition of the product Raw material suppliers have halal certification Production section workers wear special uniforms The hygiene of production equipment and equipment must be observed regularly
	Quality	Inspections are carried out in every department in the production process The production manpower uses a special uniform An examination of the potential for Hazard Analysis Critical Control Points Implement Good Manufacturing Practice
	Packaging	The packaging is made of non-unclean and non-hazardous material Stating the date of production and product expiration Halal-labeled products are registered with the national quality assurance institutions State the address of the business unit clearly
Distribution	Transportation	The transportation equipment is cleaned regularly Paying attention to the vehicle's load The means of transportation has cooling quality The means of transportation are only used to transport halal products
	Storage	Check raw material storage containers Room temperature must meet the standard Paying attention to the area of storage of raw materials Separating halal and non-halal products
	Warehouse	The location of the finished material is separate from the production room The warehouse clerk has a special uniform to prevent contamination Pay attention to the area of the warehouse The warehouse is separated from halal and non-halal products
Halal Integrity	Halal labeling	Include halal certification number obtained from the institution The position of the halal label on the package is determined by the institution Labels must be clear and easily read by consumers The form of the halal label is determined by the halal certification body
	Halal Ingredients	Put the product composition on the package along with the measurement Avoiding material from the GMO (Genetically Modified Organism) process The number of labor is sufficient There is a special treatment for certain products

Halal Validity	The number of halal auditors is sufficient in each region
	Product brand does not lead to something that is forbidden (Islamic sharia)
	Regular inspections of business units that have halal certification
	Business units that have products of different types must be certified
	Information dissemination or training on halal products
	Submission of certification is transparent and uses an online system
	Imposing sanctions on business units that do not apply for halal certification
	Imposing sanctions to business units that do not extend halal certification
	Receive complaints from consumers about product halal doubts

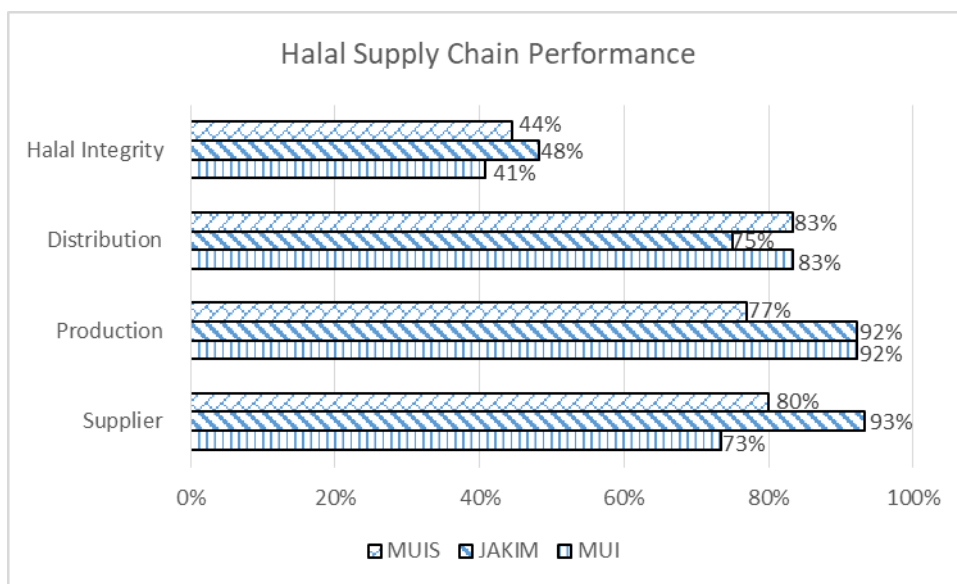


Fig 1. Halal supply chain performance

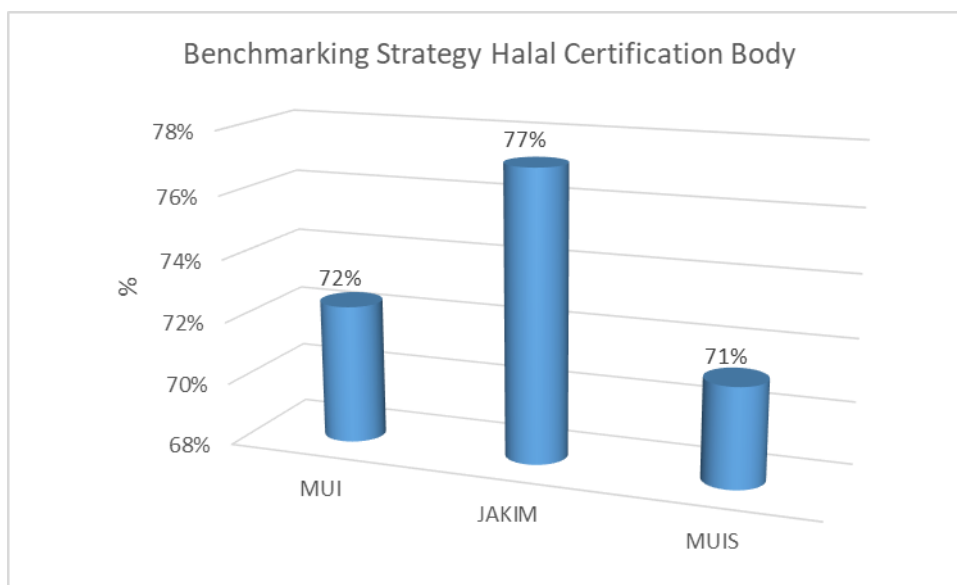


Fig 2. Benchmarking strategy on halal certification body

A. Supplier

Raw materials for halal products are obtained from Abattoirs which produce raw materials for meat. Animal feed is carried out by a Muslim because he has understood the basic concepts of halal and haram in animal feed

products and the source of animal feed must be known. In Indonesia, animal feed is sourced from cattle farmers while in Malaysia animal feed that is used must be registered first with the veterinarian. Livestock that are kept in Abattoirs or private property must be treated properly. In Singapore, the location of Slaughterhouses is close to settlements because

Singapore is only a small country that has ten chicken slaughterhouses and four duck slaughterhouses. Person who carries out the animal slaughtering must be Muslim, which is one of the conditions in slaughtering and has a slaughter certificate issued by the authorized institution. Cattle slaughter is done perfectly so that meat is safe and hygienic for consumption. At present, the need for meat is increasing, causing the number of slaughtered cattle to increase. The use of traditional cutting tools (knives or machetes) causes the cutting process takes a long time so that the cutting is done using automatic tools such as stunning. This method is still being debated in some circles because many livestock do not meet healthy criteria for consumption. In addition, to meet halal requirements, animals slaughtered are treated well which no torture.

B. Production

Restaurants and industry processes are part of the supply chain of halal products. In Indonesia, consumers enter restaurants without a halal label check. This is because consumer confidence in the image of the restaurant is based on a trademark that is familiar to consumers. This is the same as business units in Singapore where restaurants do not have a halal label and only include the phrase "Muslim restaurant". Furthermore, restaurant workers and other business units are expected to be Muslim, because this is directly related to the food production process which is also used to avoid contamination of food with non-halal substances.

C. Distribution

The indicators contained in the aspects of distribution are transportation, storage (raw materials) and warehouse (finished product). The elaboration of this aspect is that the halal product must be separated from non-halal products or means of transportation that have been used for non-halal products must be purified from unclean first. In addition, the quality of transportation used must also be maintained as is the availability of cooling equipment in it.

D. Production

Many consumers who consume halal products are less selective and without seeing the official halal logo from the halal certification agency. Halal logos and recipes must be easily read by consumers in accordance with official logos established by the institution. Furthermore, the transparency of halal institutions towards business actors must be implemented so that business actors understand in full the process of halal certification. But this must also be supported by ongoing socialization including sanctions against business actors who do not extend certification, do not have certification, and even carry a halal logo even though they do not yet have a halal certification. The opening of a certification agency with consumers is very important considering that this can help the institution in carrying out its tasks because it gets information about the products that have been used. Data on the Indonesian Ulema Council (MUI) of Province showed that it received complaints from consumers of a company storing halal meat raw materials combined with pork. In addition, lately, there

have been cases where restaurants have been closed because the process is not hygienic and even uses non-halal ingredients. Furthermore, the problem of naming products in Indonesia, if the product name leads to something that is not good even though all the processes have been good and halal, then it will not get halal certification and must change the product name. Equipment that has been used for non-halal products must be purified from unclean beforehand is also one of the requirements to get a halal certificate.

V. CONCLUSION

The benchmarking strategy of halal certification bodies in Southeast Asia showed the level of difference in the application of the halal concept in increasing halal product guarantees. Furthermore, this research showed that JAKIM is better in the strategy of implementing halal certification services for business units based on supply chain strategies. This study only focused on reviewing the policy strategy of halal certification agencies based on supply chain management for local business units. Currently, there are many products with different Halal labels circulating in the Southeast Asian market. Further study is suggested to conduct policies and strategies related to halal labeling in difference countries that penetrate the market in Southeast Asia.

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