

## The potential and obstacles of Malaysia's Halal Certification towards global halal standard

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### Abstract

The frailty to produce a global halal standard has become one of the reasons why the halal industry cannot grow faster, despite increased demand for halal products around the world. Moreover, the industry welcomes the idea of creating a global halal standard. Numerous sectors including inter-governmental agencies and small businesses have recognised the necessity for a global halal standard recognised by all trade in countries. The methodology used in this article is qualitative, which involves secondary analysis with reference to academic materials to describe the potential and challenges of halal standard. In response to this demand and awareness, this article assessed the potential of the Malaysian Halal Standard to be accepted globally. The finding in this article has highlighted the halal industry has become one of the fastest-growing economies, and Malaysia has the potential to be a global hub for the halal food industry. Secondly, Malaysia's halal standard has been accepted at the international level and is the leading halal standard among Islamic countries.

## 1. Introduction

At present, the global halal standard becomes an essential issue in the halal industry (Ghazali and Md Sawari, 2016). This situation sparks from the demand of the market where differing halal standards from different parties have created confusion and misunderstanding (Samori *et al.*, 2016). Muslim consumers often face problems to ensure that the products they buy, including cosmetics, are genuinely halal as they can only rely on the certification of the authorities (Abu Bakar *et al.*, 2017). The halal standard is applied not only within countries but also across boundaries. These circumstances will result in the presence of various authorities administering the halal status. Subsequently, businesses are negatively affected by the presence of unstandardised halal certifications (Ahmad *et al.*, 2016). It causes significant losses to the industries involved, including the food, health, and meat import industries. According to the Chairman of the World Halal Forum (WHF), Khairy Jamaluddin, the frailty to produce a global halal standard has been one of the reasons why the

halal industry cannot grow faster, despite the increased demand for halal products around the world (Ab. Halim and Mohd Salleh, 2012).

The industry welcomes the idea of creating a global halal standard as accentuated by Ab. Halim and Mohd Salleh (2012), in their article about the Standardisation process of halal standards among members of the Organisation of Islamic Countries (OIC). He stated that the current halal standard is essential to avoid misunderstanding, confusion, and misuse of halal certificates. Therefore, it should be clarified here that establishing a global halal standard is important to ensure that the industry continues to be competitive at the international level.

Generally, most OIC members have established a certification body to maintain the purity of the products used (Halal Malaysia, n.d.). The establishment of the various certifications has led to differences of opinion about aspects like feed, slaughter methods, packaging, and logistics. This situation has led to contradictory

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information for consumers. Not only that, industry players will face confusion in determining the halal standard that should be followed. Thus, different sectors, including inter-government agencies, and small businesses, have recognised the necessity for a global halal standard that is recognised across all countries. In response to this demand and awareness, this article assessed the potential of the Malaysian Halal Standard to be accepted globally.

## 2. Methodology

This study reviewed research papers and articles related to the subject matter. The methodology used in this article is qualitative which involves secondary data collected from publications in international journals, local journals, and seminar proceedings. Data were also extracted from print media such as national newspapers. This study also reviewed articles related to the recent trend of halal certification obtained from the websites of various authorities, including the Department of Islamic Development Malaysia (JAKIM) and Malaysia International Halal Showcase (MIHAS). The analysis will describe the potential and challenges of the halal standard.

## 3. Halal certification in Malaysia

Halal food is often associated with being safe, clean, nutritious and systematically well-prepared according to Islamic principles. The halal concept also applies to personal care, cosmetics, and pharmaceutical products, as well as financial and other services (Malaysia Standard). In streamlining and increasing consumer confidence in halal standards, especially in Malaysia, legislation and enforcement have been improved since new legislation, namely the Trade Descriptions Act 2011 and the subsidiary legislation for the use of halal certification and logo were introduced (Buang and Mahmud, 2012).

The International Organization for Standardization (ISO), an international standards development body, has a network of relationships with 157 national standards institutes throughout the world, including in Malaysia. In Malaysia, the word 'standard' refers to efforts to make life easier by improving the quality of products and the efficiency of services offered to customers. Meanwhile, in terms of its scientific explanation, the standards refer to the characteristic requirements issued to establish a common understanding of the technical characteristics or proper principles regularly used as a rule or guideline or definition of quality.

SIRIM Berhad is the agency responsible for developing an industry standard in Malaysia. SIRIM

Berhad, through Industry Standards Committee (ISC), has established and developed various standards. One of these standards is the Quality Management Systems: Requirement from Islamic Perspectives (MS 1900:2005), or in short, MS 1900:2005. It is one of the halal standards established by the Islamic Management Technical Committee under the jurisdiction of the ISC for Halal Standard (ISC I), which is one of the ISCs established by SIRIM Berhad.

In addition to these standards, there are several special bodies that issue halal certificates and logos. The halal logo is issued by agencies authorised by the Malaysian government, which controls the system with the support of various agencies. These agencies are headed by JAKIM, which is a body that plays an important role in Halal certification efforts in Malaysia. From 1994 to 2008, JAKIM was the sole appointed body that controls the certification process. It also engages in monitoring standard procedures issued by the Malaysian Halal Standard. According to Ghazali and Md Sawari (2014a), the State Department of Islamic Affairs (JAIN) and the State Council of Islamic Affairs (MAIN) have the power to issue the certification and logo for the local market. Halal certificates were issued based on three categories of product applications: (1) consumption goods, (2) food premises, and (3) abattoir. In addition, an inspection of a premise will be conducted prior to the procedure of halal certification to oversee the processes and equipment used in the processing, handling, storage, and distribution of the products. Halal certification will only be issued if the basic principles and procedures are adhered to, and it will be cancelled if the applicant failed to adhere to the principles and procedures. This requirement is indirectly related to the appointment of the Halal Development Corporation (HDC) as a body to control the process of local and international certification (Nurulhuda Noordin *et al.*, 2009). HDC is among the private companies owned by the Malaysian government. The main idea of HDC is to facilitate the Halal hub project in Malaysia. Moreover, it aims to improve coordination, increase the efficiency of the halal certification process, avoid confusion, and indirectly help to develop a better position for Malaysia as the centre of the global halal hub (Ahmad Shahrul, 2008).

## 4. Halal certification procedure

According to Halal Malaysia (n.d), the halal certificate and logo clarify that the products, beverages, and consumables are produced in accordance with the practices of Islamic law and are permissible to be consumed. It aims to overcome the confusions and doubts that arise among Muslim consumers regarding the halal status of food, beverage, and consumables

produced locally. Each product must meet the conditions set out in the halal certification procedure for premises, processing section, cooking food, drinks, and Muslim consumables issued by the JAKIM. All food and consumables manufacturers and related parties that meet the criteria set out in the procedure are eligible to obtain the halal certificate and the use of the halal logo. JAKIM has provided comprehensive guidelines for producing halal products. These guidelines include procedures for inspection, verification, and application of halal certificates, approvals, conditions, monitoring, and enforcement.

The procedure for applying halal certification process in Malaysia is as follows (Halal Malaysia, n.d.):

- 1) Register online by creating a user ID and password.
- 2) Verify account within 24 hours or one day after registration.
- 3) Submission of supporting documents within five working days after the online application is submitted.
- 4) Once the documents are received, the application status will change to waiting for document verification.
- 5) Revision - if the documents are complete, the application will be processed within one to five working days according to the amount of products/menu/premises. A charge letter will be issued. Meanwhile, if the documents are not complete, the status will change to incomplete, and the applicant must submit a correction or feedback within five working days.
- 6) The processing fee must be paid within 14 working days.
- 7) A receipt will be issued within one day after payment is made.
- 8) The audit process will be carried out within 30 days after payment is received.
- 9) The approval will be made by the Certification Panel Meeting.

If the application is approved, a halal certificate will be issued within five working days. If the application failed, the applicant would be notified by an official letter.

## 5. Towards strengthening halal Malaysia

In order to prevent the misuse of Halal Malaysia certification, JAKIM, as a premier religious agency in the country, has embarked on a journey to elevate the status of the Malaysia Halal Logo since 1974. The establishment of the Halal Hub Division is one of the

efforts taken to ensure the halalness of products for Muslims (Ghazali and Md Sawari, 2014b). This step is taken to meet the aspirations to make Malaysia the major global halal hub. The Halal Hub Division is considered the backbone of the halal industry, which contributes significantly to the nation's income and the growth of its economy. According to Nasruddin Yunos *et al.* (2018), Malaysia established the halal hub in 2006 as a response to the significant growth of the global halal business.

The objective of the Halal Hub Division is to review, validate, regulate, and monitor food products and consumer goods to guarantee their purity, safety, and halal status more efficiently and effectively. In recent years, the halal certification has become more comprehensive, covering logistics, warehouse storage, and marketing of products and goods to convince consumers that the product is clean and safe to use. The halal industry has become one of the fastest-growing economies, and Malaysia has the potential to be a global hub for the halal food industry, which is valued at RM 190 billion.

Halal Development Corp (HDC) chief executive officer Hairol Ariffein Sahari said:

“We know that other countries are also looking to collaborate with Malaysia in order to strengthen the global halal ecosystem as the global halal industry presents a huge opportunity with the market now valued at US\$3.1 trillion, with supply only able to meet demand by 10-20 per cent, currently” (Adilla, 2020).

In this regard, the demand for halal products, goods, and food from Muslim consumers has intensified not only in Malaysia but also across the world. In line with the government's aspiration, ‘one Malaysia, people first, performance now,’ JAKIM halal certification aims to make Malaysia a model and a leader in halal certification, domestically and internationally. In addition, to facilitate trade between ASEAN countries, several initiatives have been taken, including establishing a uniform halal standard and a halal logo. This initiative has created an atmosphere of integration between the countries involved by facilitating the exchange of views and expertise in setting halal standards (Che Man, 2003). As a result, Malaysia has become the leader in the latest halal standard, including in the pharmaceutical industry.

Malaysia was appointed as the Chairman of the Conference of Islamic Countries and was recognised as a hub for Halal World in 2010. Correspondingly, Malaysia has become the first country to introduce a comprehensive halal standard and broaden the concept of halal through the use of e-halal. This can be seen through

the Malaysian halal food standards, which cover the aspects of production, preparation, handling, and storage. It also contains criteria that must be met, namely the Practical guidelines for the food industry on preparation and handling of food, basic rules for food products and food trade or business in Malaysia such as Food Safety According to Hazard Analysis Based and Critical Control Point (HACCP) (MS 1480:1999) and General Principles of Food Hygiene (MS 1514:2001).

Malaysia's halal standard has been adopted at the international level and gained the trust of OIC countries as the leading halal standard among Islamic countries. In addition, the Halal Food standard (MS 1500:2009) emphasizes Islamic values and principles, such as ensuring the quality and standards of products and services through surveillance audit (audit supervision). The standard ensures that the process of food production, preparation, handling, and storage provides guidelines to manufacturers in safeguarding the product's halal status. Malaysia is ahead of other countries in establishing a halal standard. This can be seen through JAKIM's halal hub, which has made history in the global halal industry by being the first certification body in the world to adopt and ratify the first guideline for the halal production of pharmaceutical products worldwide. The establishment of a halal standard for goods or products such as halal pharmaceuticals has benefited local producers and manufacturers. While it is still new, the Halal Pharmaceuticals standard (MS 2424:2012) helps producers or manufacturers to produce medicines according to the Shariah requirement. It also contains guidelines to ensure quality management in the production of medicinal products. Prior to the introduction of MS 2424:2012, manufacturers had to refer to MS 1500:2009 which might not be adequate as it does not address the complexity associated with the pharmaceutical sector.

Establishing a halal standard could ensure that the halal certification process complies with the Shariah law and that the appointed bodies are responsible for ensuring compliance with dietary product guidelines. In neighbouring countries like Thailand where Muslims are a minority, the Thai government has appointed a Committee of the Islamic Centre of Thailand, a statutory body that acts to ensure smooth and efficient management of halal products. In Malaysia, the development of an industry standard is under the responsibility of SIRIM Berhad. SIRIM Berhad through ISC has established and developed various standards such as the Quality Management Systems: Requirement from Islamic Perspectives (MS ISO 1900:2005). MS ISO 1900:2005 is one of the established halal standards created by the Islamic Management Technical

Committee under the auspices of ISC for Halal Standard, which is one of the ISCs established by SIRIM Berhad. In the meantime, the halal standard is regulated and monitored by JAKIM and among the agencies involved in the MS ISO, 1500:2009 is the Federation of Malaysian Manufacturers, Institute of Quality Malaysia, Malaysian Agricultural Research and Development Institute, Department of Standards Malaysia, Department of Veterinary Services, Ministry of Health Malaysia, SIRIM Berhad, International Islamic University Malaysia, Universiti Putra Malaysia, and Universiti Teknologi MARA. This effort reflects Malaysia's seriousness in ensuring the halal standard is adhered to by all manufacturers and consumers, particularly in this country which is known for its multiracial and multireligious society. The advantage of the Malaysia Halal Standard also lies in the use of the Halal Assurance System (HAS). HAS helps to ensure that the halal status of halal-certified raw materials, processes, and products is continuously monitored over time. It can strengthen and reinforce the standard being used. In this light, Malaysia has the most strategic geographical layout to ensure compliance with a uniform halal standard. In contrast, it is difficult for countries with extensive terrains like Indonesia where the process of halal standard compliance could be long and difficult.

## 6. The potential for halal Malaysia to be the world centre of reference

It is known that the halal industry is not just limited to food and drinks, it also applies to pharmaceuticals, cosmetics, healthcare, packaging, logistics, banking and finance, food processing and machinery, tourism, and other fields in the halal industry ecosystem (Meran, 2010). The Malaysia International Halal Showcase (MIHAS), which aims to promote the halal industry globally, has successfully garnered the attention of non-Muslim countries to halal certification. MIHAS (n.d.) on its website clearly stated that:

“Malaysia's central position in Asia makes it an ideal trading platform to draw the world's halal players in facilitating the sourcing and selling of global quality halal products through MIHAS. Every year since its inception, MIHAS hosts over 500 buyers and matches them with participants of MIHAS from Malaysia. During MIHAS 2013, this programme resulted in total immediate and negotiated sales of over RM 411.32 million. Today, MIHAS is the premier event that is not limited to the ASEAN region alone but is also supported internationally by the enthusiastic participation of International Pavilions from countries across the globe.”

The success of MIHAS reflects that the overseas markets, including non-Muslim countries, began to

realize enormous potential in the halal industry, and this has been another stepping stone for Malaysia as the host of the organization of such foreign companies to invest and automatically able to improve the economy. In addition, Malaysia is the first country in the world to establish and apply a halal standard, which is known as the Malaysian Halal Standard (MS 1500:2004). Apparently, Malaysia has expertise in leading the halal industry, and it can produce a halal standard that can be applied nationwide. In support of this effort, the government has opened eight halal industrial parks to encourage the production of halal products and the provision of halal services. The government also offers attractive incentives to encourage businesses to participate in the halal industry, provides special interest to export halal products, and import duty exemption for raw materials (Nadzir, 2010).

The world's Muslim population has reached 1.6 billion and the number is growing. The global halal market is expanding, and the halal market is estimated to be worth USD 7.4 trillion. This extensive growth is a catalyst for the development of the halal industry. Malaysia is seen as a potential leader in the future halal industry. This can be seen when the Islamic Food and Nutrition Council of America (IFANCA), headquartered in the United States, recognised the JAKIM halal certificate and logo as the only certification for halal products entering the United States (IFANCA, 2012).

## 7. Obstacles towards a global Halal standard

The MS 1500:2009 has become an official reference in the process of halal certification in Malaysia and continues to gain popularity in the halal food industry at the global level, even in non-Muslim countries. While the halal standard has received some criticism in the electronic and printed media, it has a little negative impact on the development of Malaysia as an international halal hub. Among issues that surfaced in the development of MS 1500:2009, is the issue of the integrity of halal food production. In general, halal standards should take into account the entire halal food supply chain i.e. from farm to table (farm to fork). This matter includes the integrity of workers, entrepreneurs, or managers involved in safeguarding the halal status of the product. There is a doubt that some food producers do not comply with halal food quality standards set by the MS 1500:2009 after they have obtained halal certification from JAKIM. Therefore, JAKIM has established the Malaysia Halal logo and implemented the Halal Certification System. JAKIM also issues Halal certificate for local and export markets. Including monitoring and enforcement of halal guidelines. In other words, JAKIM is responsible to monitor the level of

integrity of halal standards and compliance.

Another weakness in the use of the halal standard is the differences in sects or *mazhab*. Malaysia adopts the *Shafie* sect and *Ahl Sunnah wal Jama'ah* as decreed by the 13th Council of the Kings on December 3, 1984. The religious authorities in Malaysia also control the spreading of other sects in Malaysia. At the same time, the halal governing body in Malaysia should be more comprehensive in delivering information to the public. It was reported that entrepreneurs identified halal food production and halal food preparation as the most important information that they need in producing halal-based products (Baharuddin et al., 2015). Thus, all the information related to halal food and halal certification should be made easily accessible to fulfil the public's needs for information.

## 8. Conclusion

Malaysia is seen as a potential leader in the future halal industry due to the fastest-growing halal industries in the world economy. It is known that the halal industry is not just limited to food and drinks, it also applies to other fields in the halal industry ecosystem. Malaysia also has established many halal platforms such as MIHAS, and hub halal events which aim to promote the halal industry globally. Malaysia also is the first country in the world to establish and apply a halal standard, which is known as the Malaysian Halal Standard (MS 1500:2004). It can be seen when the Islamic Food and Nutrition Council of America (IFANCA), in the United States, has recognised the JAKIM halal certificate. Apparently, Malaysia has expertise in leading the halal industry, and it can produce a halal standard that can be applied nationwide.

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