

THE CHALLENGES FACED BY HALAL EXECUTIVE IN MANAGING THE HALAL IMPLEMENTATION IN FOOD INDUSTRY

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Abstract	<p><i>Realising the value of possessing a Halal Certificate can boost the marketability of a product, and many food establishments opt to apply for the Malaysia Halal Certificate. According to the Manual Procedure for Malaysia Halal Certification, a medium-sized and multinational food establishment that wishes to apply for the Halal Certification must appoint a Halal Executive in their company. The role of the Halal Executive is to oversee and manage the halal management for the company, including preparing all documents needed for the Halal Certificate application, monitoring the manufacturing process, and providing training to all the workers involved in the product manufacturing. The Halal Executives had to deal with various problems and difficulties to incorporate the Halal idea into their regular activities. Therefore, this paper aims to explore the challenges faced by Halal Executives in managing halal implementation in the food industry in Malaysia. Semi-structured interviews, pertinent research articles, and journals from online sources were all used to gather data for this study, which was then qualitatively analyzed. The research's findings point to three challenges: managing new raw material products, controlling costs, and dealing with authority parties' differing schedules. The findings of this study can serve as a foundational framework for any policy decisions, enhancements, or lobbying efforts concerning the Malaysian halal certification procedure.</i></p> <p>Keywords: <i>Challenges, Halal, Certificate, Executive, Industry.</i></p>
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INTRODUCTION

Multinational corporations produce halal products to increase profits, primarily because of the strong demand for halal food. The global halal market is currently valued at USD 2.3 trillion and is expected to grow (Azam & Abdullah, 2020). The swift expansion indicated that the Malaysian halal industry was highly valued in the country and abroad. The growing world population and the non-Muslim community's acceptance of the sector offer several prospects for businesses that manufacture goods and services.

By capitalizing on the factors that enabled it to emerge as a successful first mover in this market and other areas, Malaysia may become a global hub for halal. Due to a multitude of factors, including its majority-Muslim population, abundance of natural resources, government commitment to boosting food production, location along major shipping lanes,

first-rate trade facilitation and distribution facilities, pro-business, investment, and trade policies, highly skilled workforce, high standard of quality control, creation of halal parks and hubs, and a strong emphasis on research and development in the industry, Malaysia is a global hub for halal products (Jamaludin et al., 2015).

The food service industry is the final link in the food chain, coming before the food product reaches its customers. In this case, giving halal food to Muslims requires minimizing the likelihood of haram or syubhah. As a result, restaurants should provide safe and hygienic meals to their patrons. Previous studies have indicated that food facilities should have their standards for food safety and cleanliness verified to avoid serving subpar food that could cause food poisoning to customers (Hassan et al., 2015).

According to the Manual Procedure for Malaysia Halal Certification 2020 (MPPHM 2020), the halal certification process involves three expert groups: the Halal Certification Panel, the Halal Executives, and the Halal Auditors (Muhammad et al., 2020). The Halal Executives are the person in authority and accountable for administering the halal certification application submitted by the company or industry. They are essential in the food industry because their roles and responsibilities are to ensure all the processes of producing halal food follow the requirements set by JAKIM and follow Islamic practices, including the documents.

The halal industry needs people with the necessary abilities to work as Halal Executives, consultants, auditors, and other roles. Studies from the past have demonstrated that this business still employs people with lower skill levels. It has been noted recently that the Halal Executive's responsibilities have grown considerably due to numerous challenges. Some of these duties include the Internal Halal Committee, halal assurance goods, auditing, the halal application procedure, production line monitoring, and acting as a representative during JAKIM inspections.

As there was a lack of studies conducted on the challenges faced by Halal Executives, this study focuses primarily on the issues that Halal Executives face in managing the halal certification process in Malaysia.

LITERATURE REVIEW

Halal Industry in Malaysia

The halal food industry is one of the biggest and most significant industries in Malaysia since the majority of Malaysia's population is Muslim, and seeking out halal food is a requirement of the religion that must be fulfilled. The expansion and development of the country's food sector and the economy have been significantly impacted by the rise in value and production volume of halal goods, primarily attributable to the surge in demand from the Muslim population. Since the halal business is crucial to Malaysia's economy, various national programmes have incorporated halal-related strategies. The Halal Industry Master Plan (HIMP), which was announced in 2008, serves as a development plan for the halal business (Nik Mohd Rosli et al., 2022). The halal food industry in Malaysia is divided into several subsectors, all of which have joined forces to form what is known as a halal economy. The growth of forward links between each area of the halal economy, from animal husbandry, food, and logistics to pharmaceuticals, cosmetics, and finance, allows us to observe the economics of halal products (Hassan, 2014).

The majority of the world's population, 7.2 billion, have embraced halal products. Globally, the number of Muslims is rising, particularly in developing countries like the US, UK, and Europe (Najib & Mokhtar, 2021). Consequently, the Halal markets actively spread to every continent. The Halal market has expanded beyond Muslims due to non-Muslim customers' increasing awareness of it and their perceptions of the safety and purity of Halal products. In line with the findings of another researcher, Muslims and millennial buyers both place a high value on halal products in contemporary society. Thus, the top ten non-Muslim exporters of halal goods are Brazil, India, Australia, America, New Zealand, Thailand, Singapore, Philippines, and France (Najib & Mokhtar, 2021). Muslims' responsibility to

consume food from Halal sources is one of the primary reasons for the development of Halal markets. The global market for halal products covers food and goods like cosmetics, medications, hygiene, finance, and tourism.

Non-Muslim entrepreneurs must compete with Muslim-owned companies to enter the halal market. Although Malaysians are not all of one race or religion, the nation is widely recognised for being a Muslim one. Malaysia is one of the top exporters of halal goods, largely thanks to the government and institutions such as JAKIM, the Halal Development Corporation, and the Malaysia External Trade Development Corporation (MATRADE). In an effort to draw in and assist participants in the halal market, particularly regional producers and small- and medium-sized enterprises, Malaysia has also made significant financial expenditures.

Halal Executive in Malaysia

Owing to its explosive growth, the halal business requires energy knowledge across various halal-related industries to meet regulatory standards. In order to comply with JAKIM's criteria, the corporation engaged an expert energy known as the Halal Executive. The appointment of a Halal Executive is essential in an organisation since, in the absence of one, a business will struggle to implement a methodical and efficient halal compliance system. Guidelines for Halal Executive state that the executive should be a Muslim. Gender is not a determining factor in accepting the role of Halal Executive, as no Shariah rule prohibits or discourages women from applying. The candidate needs to have completed an Islamic education programme or something similar. The sector should require at least five years of experience handling Halal for those without formal education. Obtaining Halal Executive certification and registering with the Halal Professional Board (HPB) are other requirements enforced by JAKIM (JAIS, 2019).

Halal Executive is one of the most important roles of a company with a halal certification. The role was established, in part, to lessen the business's reliance on certification organisations to oversee and execute halal at the operational level (Nik Mohd Rosli et al., 2022). The technical responsibilities of the Halal Executive role include food technologies, shariah concerns, and related subjects. The Internal Halal Committee, halal product assurance, auditing, halal application procedure, production line, and other positions are among the many job descriptions included in Halal Executive. Furthermore, they serve as the point of contact during JAKIM audits, helping to lower any product's non-compliance (NCR) (Jamaludin et al., 2015). In addition, the halal business employs people in various fields, including food, procurement, manufacturing, travel and tourism, livestock, quality assurance, research and development, packaging, logistics, and marketing.

A basic understanding of information technology (IT) is also required of Halal Executives, as applications for halal certificates must be filed in hard copy to JAKIM and through the MYeHALAL system, formerly known as the e-halal system. The Malaysian Halal food standard recognises and addresses the Halal Executives, who are essential in maintaining the integrity of the halal certification criteria (Najib & Mokhtar, 2021). Moreover, the only people who can routinely verify that all manufacturing procedures follow halal criteria are the executives who work for halal. This results from JAKIM's reliance on the infrequently conducted on-site audits by the Halal Auditors.

METHODOLOGY

In this research, the researcher used the qualitative method, where purposive sampling method was used as research sampling. Purposive sampling is a method without probability in which the researcher only chooses the informants based on their opinions until it meets the research goals (Isaac, 2023). Data collection for this study was conducted through in-depth interviews with Halal executives. Moreover, the researcher used a semi-structured interview to conduct this research. Depending on the topic areas the researcher wants to cover in more detail, a set of open-ended questions is used in semi-structured interviews (Elhami & Khoshnevisan, 2022). In this research, three Halal Executives were interviewed.

Table 1: List of Informants

Informant	Position
A	Halal Executive of Desatera Sdn Bhd
B	Halal Executive of Boat Noodle
C	Halal Executive of Ah Cheng Laksa

Source: Authors, (2023)

Thematic analysis is employed to ascertain whether specific terms, subjects, or concepts are present in qualitative data. Using theme analysis, researchers quantify and assess the relevance, presence, and connections between particular keywords, subjects, or ideas. A semi-structured interview has been used as the primary data to address the study questions about the challenges the halal culinary operations firm has faced in managing halal and their solutions to overcome them. Furthermore, the data were analysed utilising primary data initially, then secondary sources such as books, journals, and earlier research.

RESULTS & DISCUSSIONS

Based on the interviews conducted with the informants, the informants highlighted three challenges, which are: (1) Cost; (2) Managing new product of raw material; and (3) Different timeline with authority.

1. Cost

The anticipated expense of complying with all the halal requirements is one of the challenges that Halal Executives face. This issue is mentioned by Informant 1:

“Costing to apply halal, which involves cost for building infrastructure.”
(Informant 1, 2023)

The costs associated with sourcing ingredients for halal items, producing halal goods, and educating workers may need to be considered, depending on the country in which the products are manufactured. To ensure the full implementation, every Malaysian food business owner interested in implementing the halal concept must cover the associated expenditures and apply for certification.

Aside from that, an additional reason influencing the decline in the quantity of companies applying for Halal certification is the increase in manufacturing and operating expenses. It is not easy to apply halal certificate when the company is a first-timer, which requires high costs to build infrastructure to comply with halal standards. The additional cost burden is high for those entering particular enterprises for the first time. This is because they have to provide separate equipment and transportation because they are a Halal-certified company, so the additional costs are necessary.

Other than that, the issues related to cost that Halal Executive face are related to halal training. Halal training is essential within an organisation to improve employee work performance, as it is one of the requirement need to be complied as according to the MPPHM 2020 Clause 17(12). However, some companies refuse to pay the employee's tuition for training programmes because of the hefty expense. As a result, workers, mainly manufacturing operators, will lack halal training and expertise and will consistently make mistakes in both Islamic and hygienic practices.

2. Managing New Product of Raw Material

Halal Executive also faced a challenge regarding the new product in the production process, which was not recorded in their master list and MYeHALAL system. This issue is mentioned by Informant 2 and 3 below:

“When a new product is involved, especially if the item is not in the master lists. That is the biggest challenge for me as a Halal Executive.” (Informant 2, 2023)

“The most common challenge in my company is raw material.” (Informant 3, 2023)

When the company uses new food products in their food or menu, Halal Executive has to ask the supplier about the halal certificate and details about the expiry date of the product's halal certificate. Sometimes, the new product does not have a halal certificate yet, so the supplier should provide product specifications and any related documents instead of a halal certificate. For instance, using filter water or any raw materials that do not have a halal certificate requires the supplier to provide a product specification document. This is because when the authority such as JAKIM came for auditing, it help Halal Executive to show the supporting document to prove that the product does not have any suspicious process.

The fact that raw materials are an essential component in the food sector is why most Halal executives mention that they provide obstacles. Furthermore, the first step in any manufacturing process is acquiring raw materials. The auditor will issue a Non-Conformance Report (NCR) if a company outlet uses a raw material product that is not specified in master lists or the MYeHALAL system because the ingredient used differs from what is registered in the system.

3. Different Timeline with Authority

The other challenge Halal Executives face is dealing with a different timeline of authority. This issue was mentioned by Informant 3 during the interview:

“One of the challenges to managing halal certification from the authority's perspective is that they have different timelines, and it takes a long time to get a halal certificate for a product.” (Informant 3, 2023)

Based on the experience of Informant 3, she mentioned that there are different timelines in the process of managing halal certification with JAKIM and JAIS. Based on her knowledge and experience, she added that the process of receiving halal certification from JAKIM is three months; meanwhile, from JAIS, it takes longer than JAKIM, which is four months. Moreover, she stated during the interview that the longer it takes to receive a halal certificate, the more time it costs the company. This is because it will drag production time to operate per the management timeline. Besides, the Malaysian certification verification timeline will also affect the company.

CONCLUSION

This study emphasises the challenges that halal executives encounter when overseeing the food industry's adoption of halal certification and the steps that may be done to enhance their effectiveness. According to this study, there are numerous obstacles that Malaysian halal executives must overcome, including financial difficulties, handling novel raw material products, staff and supplier incompetence, and divergent authority timelines. Regardless of halal elements, halal certification processes, or halal-related laws, a certified Halal Executive needs to be knowledgeable about them. Suppose all components and responsibilities of the role of a Halal Executive are completed efficiently and successfully. In that case, the community will benefit, people will support and trust the product, and the business will be able to make money regularly.

Therefore, successful organizational performance in the halal food industry in Malaysia is influenced by management factors and the effectiveness of the Halal Executive in holding its role to guarantee the integrity of their products. Because of this, it is not surprising that the Malaysian government has mandated the appointment of Halal executives in the halal food sector, as described in the Malaysian Halal Certification Procedure Manual (MPPHM 2020), to deal with issues or problems relating to halal that arise at the operational level. Hence, to realize the nation's goal of empowering the halal

food industry in the eyes of the world, the role played by the Halal Executive in the food industry must be enhanced right away as the Halal Executive is appointed in halal food processing organizations.

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