

Halal Logistics and Supply Chain Management in Southeast Asia

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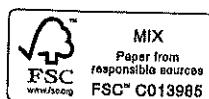
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9 The development of Halal logistics in Thailand

Subaaila Abdul Kadir

Introduction

The international Halal industry is expected to gain a higher demand as a result of the instruction of the renewal and innovation of products and services. This means that the Halal market is the world's fastest-growing, among the consumer segments in a growth context (Nordin et al., 2017). The development of the world Halal industry is increasing every year, not only in Islamic countries, such as Dubai (United Arab Emirates), Turkey and Saudi Arabia, but also in non-Islamic countries, such as Thailand, Singapore, Japan, America and Australia, which are beginning to show interest and emphasis in the production of their own Halal products to satisfy the high world demand (Johnson, 2015).

In Europe alone, the Muslim population was 49 million in 2010 and has increased by 140% since in last ten years; in America, the Muslim population increased at a rate of 25%; in Australia it increased by 250%; and Asia, with a population of 1.65 billion, increased at a rate of 12% in the same period (Ketani, 2010). Two big markets for Halal foods are countries in the Middle East and South-East Asia. These two zones alone represent 400 million Muslim consumers. Furthermore, there are also non-Muslim consumers who prefer Halal products (Star, 2010).

Halal concept

In Islam, the concept of Halal is very important as the main guideline for Muslim consumers (Shah et al., 2016). Halal originated from an Arabic word, meaning legal or permissible. The term is used in the Islamic religion as daily life guidance for Muslim society. Muslims believe that Allah (God) is the creator, and Muhammad (Prophet) is Allah's last messenger. Halal refers to all that is permissible, and haram refers to all that is not permissible, according to the guidelines provided by Allah in the Quran and clarified (in the tradition and custom) by the messenger of Allah (PBUH) (Ramli et al., 2016).

The Halal concept is not limited to food as it is also inclusive of distributional processes, handling, packaging and storage. Halalan Tollyba concepts is

stipulated as healthy in the Islamic teaching covering dietary, quality, cleanliness and safety for all people and is not meant that only Muslims can practise in food production (Ramli et al., 2016). Halal has a wide scope, extending beyond food and drink issues (al-Qaradawi, 1977).

The awareness of the importance of Halal products and safety is increasing alongside the global Muslim population (Abillah, 2018). Halal embraces the aspects of no fraud, no dangerous poison, etc. (Maa'mor, 2003). Consumer fraud is commonly defined as deceptive business practices in regards weight, quality, expiration date, contract and brand.

As such, understanding the Halal concept theoretically and practically is vital. The Halal issue is closely connected to the daily individual activities of consumers. Even proper understanding pertaining to the Halal concept may subsequently influence the attitude and action of the consumer, beyond their being able to cultivate healthy consumerism culture (Shah et al., 2016).

Halal industry

The Halal industry is categorised in two different scopes: the Halal product and Halal services (Noor and Wahid, 2015). MITI has categorised the industry into three components: namely food, non-food and services. They treated Halal logistics as part of the service category. Halal logistics refers the product showing the logistics service that is being provided to the customers (Shah et al., 2016).

Halal goods and services industries are being recognised globally and are expected to be part of the new future of the economic growth sector. The growth of the global Muslim population greatly contributes to the use and demand of Halal products globally. (Hamidon and Buang, 2016).

The development of Halal product and service-based industries is not new. The demand for the production of Halal products is seen as high compared to the domestic and international demands for other productions, largely influenced by the significant growth of the Muslim population in recent years. Currently, there are about 1.84 billion Muslims in the world; by 2023, the population is expected to increase to 2.2 billion (Sharianews, 2018). The Halal industry looks promising as the market is wide, exceeding those of various other groups, including non-Muslim societies. In terms of marketing strategy, the Halal product potential is not limited to the Muslim market but also includes non-Muslim consumers.

Halal industry development using sophisticated technologies, innovation and complex process should be managed by a valuable system so as to not have any implications towards the workers, neighbours and environment (Aziz and Zailani, 2016).

The global Halal industry is expected to rapidly develop in various sectors, especially banking, medical logistics and supply chains, with the estimated market value of USD 150 billion a year. At the same time, the global Halal market is expected to expand at a rate of 25% per year. The global Halal market value is estimated at RM7.6 trillion per year. In the European region, specifically, the