Critical success factors affecting the implementation of halal food management systems: Perspective of halal executives, consultants and auditors

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ABSTRACT

The provision of halal certified food is important for both Muslims consumers as well as halal food manufacturers in Malaysia. Nevertheless, there are still lots of consumers' complaints resulted from the partial implementation of Malaysia halal standard (MS1500:2009) by these food manufacturers. Hence, critical factors affecting the implementation of halal standard need to be identified and examined as an initial step in fostering its implementation. To date, only limited empirical research is available on the implementation of halal food management system (based on MS1500:2009) especially amongst the small and medium enterprise (SME). Therefore, this study seeks to identify critical factors for effective implementation of halal food management system in SMEs. Using a qualitative approach, fifteen semi-structured interviews were carried out with halal executives, consultants and auditors from Malaysian/local halal authority. The recorded interviews were transcribed, translated, coded, and reconciled. Atlas.ti software (version 7) assisted in data coding to identify themes and subthemes. The findings suggested that top management, halal executive, employees, suppliers, and consumers are critical factors. Similarly, information and knowledge, teamwork, support, policy and procedure, and training are also important determinants towards the successful implementation of the systems. Effective recruitment to ensure the availability of Malaysian Muslim manpower, halal personnel empowerment to play dual roles relate to halal and quality/safety, and keeping up to date with recent fatwa development were found to be important and unique to halal context.

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1. Introduction

Muslims are required to follow specific dietary laws that determine which foods is Halal (permissible) for Muslims consumption. Halal foods market offers economic opportunities for the food industry with multiple market drivers such as higher purchasing power and the natural growth of Muslim population (Al-Mazeedi, Regenstein, & Riaz, 2013). However, as food chains are becoming more extensive and complex, Muslims are forced to be extra attentive to their food content (Bonne & Verbeke, 2008).

Many Muslim consumers had to rely on certification and labelling to ascertain that products are manufactured by halal production methods (van der Spiegel et al., 2012) as 'halalness' of products is not easily verifiable. For instance, smell, texture or taste cannot fully determine whether a product is halal or not (Fischer, 2016). In Malaysia, a company official claimed that sensitivity of Muslim consumers in ensuring halal has made it impossible to sell any food product that is not halal certified to them (Fischer, 2015).

Several halal standardization and certification organizations have been established worldwide (Neio Demirci, Soon, & Wallace, 2016; van der Spiegel et al., 2012; Ziegler, 2007). However, in Malaysia, halal certification can only be issued by Department of Islamic Development Malaysia (JAKIM) and State Islamic Religious Department (JAIN)/State Islamic Religious Council (MAIN). JAKIM has the authority to issue Halal certification for the national and

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international markets, whereas JAIN/MAIN only certifies products for the domestic market. Halal certification for products manufactured outside Malaysia which are to be marketed in Malaysia or elsewhere may be obtained from foreign certified body (Neio Demirci et al., 2016; Nurliza Ramli, 2016). The procedure for Malaysian halal certification is depicted in Fig. 1.

General product and process criteria for the preparation and handling of halal food are specified in MS1500: 2009, a Malaysian standard and reference document for food companies (e.g. food product, beverages, supplement), premises (e.g. restaurant, hotel) and slaughterhouses (JAKIM, 2014). The standard covers the requirements for the entire supply chain from sources to packaging, labelling and transportation (Neio Demirci et al., 2016). MS1500: 2009 implied strict standard as applicants or certified manufacturers are only allow to produce and/or handle halal products to avoid cross-contamination with non-halal materials. The standard not only covers religious requirements but it also imposes strict hygiene practices; incorporates compliance with international standards of Good Manufacturing Practices (GMP) and Good Hygiene Practices (GHP) (Department of Standards Malaysia, 2009). The standard's requirements is also consistent with the best practices of other types of food quality/safety standards (Latif, Mohamed, Sharifuddin, & Mahir, 2014) and can be harmonised with HACCP approach (Kohilavani et al., 2013).

In Malaysia, there is tendency for media to highlight companies that allegedly violating halal requirements (Fischer, 2015). Extensive media coverage of food scares can intensify risk perception and amplify its consequences. Such coverage typically lead to a decline in demand for the affected product - a detrimental economic consequence for food companies (McCluskey & Swinnen, 2011). This is important especially in the age whereby negative word of mouth has proliferate wider and faster due to the globalization of news such as TV, internet, etc. (Hoorfar, Jordan, Butler, & Prugger, 2011).

The implications of the revoking halal certification and recalling products are tremendous for both halal consumers and industry. Nevertheless, there are still lots of complaints of partial implementation to the guidelines by some food producers. For example, during the period 1982 to 2008, about 40 cases of non-compliance with MS1500: 2009 halal food guidelines were brought before JAKIM (Daud, Din, & Bakar, 2011). There was a drastic rise in non-compliance cases reported, as within less than two years (2010—March 2012), JAKIM has recalled 39 products and revoked the halal status of 10 hotels and premises and one slaughterhouse (Shafii et al., 2013). Issues of non-compliance to halal standard repeated (New Straits Times, 2014; The Star, 2012; The Straits Times, 2015) despite the potential economic and reputational damages to halal food producers.

In quality and safety certifications, basically fulfilling a quality standard's minimal requirements is not sufficient. According to Rodríguez-Escobar, Gonzalez-Benito, and Martínez-Lorente (2006),

the ISO 9001 certification is a sign that a company has introduced a quality management system, but it does not guarantee that the system is working properly. Similarly, the food safety system can avoid food scandal or crisis only if it is properly implemented (Wallace, Powell, & Holyoak, 2005). Therefore, research on factors for effective implementation of management system is important to help companies identify intervention strategies to improve their performance (Taylor & Taylor, 2004). Various dimensions of critical factors for effective management system have been reported in food quality and safety system. A complex set of factors in every country, region or food chain was found (Celaya et al., 2007). The differences in set of factors is also apparent among food sectors and subsectors (Kirezieva et al., 2013), food retailers and catering (Eves & Dervisi, 2005; Mensah & Julien, 2011; Vladimirov, 2011) between SMEs and large enterprises (Taylor & Kane, 2005; Taylor, 2000). Similarly, identification of critical factors and assessment are also required for effective halal food management system. Although halal certification is a critical issue that must be addressed carefully by the food industry players (Bonne & Verbeke, 2008; Nasir & Pereira, 2008), limited literature are available on halal food management system. To fill the gap in the literature, this research aimed to identify the critical factors for the effective implementation of the MS 1500:2009 standard in SMEs operating in the food manufacturing sector. The factors leading to successful implementation as well as the barriers and challenges during the implementation of halal food management system were examined from the perspectives of halal executives and co-ordinator, consultants and auditors from JAKIM (halal state auditors). Study on this context is important as SMEs resources, financial, expertise and staffing capabilities are limited (Karapetrovic, Rajamani, & Willborn, 1997; Yapp & Fairman, 2006) causing them to fall behind in effectively implementing food management system (Taylor & Kane, 2005; Yapp & Fairman, 2006).

2. Methodology

2.1. Study design

A qualitative approach was used as it allows the exploration of a subject with limited previous research. Semi-structured interview format is chosen as it provides informants with some guidance on what to talk about, while also allows for the discovery or elaboration of information that is important but may not have previously been thought of as pertinent by the research team (Gill, Stewart, Treasure, & Chadwick, 2008).

2.2. Study informants

Semi-structured interviews were conducted with 15 informants from three groups of people; halal executive/co-ordinator, consultant and auditors from JAKIM (state auditors). Mixed purposive
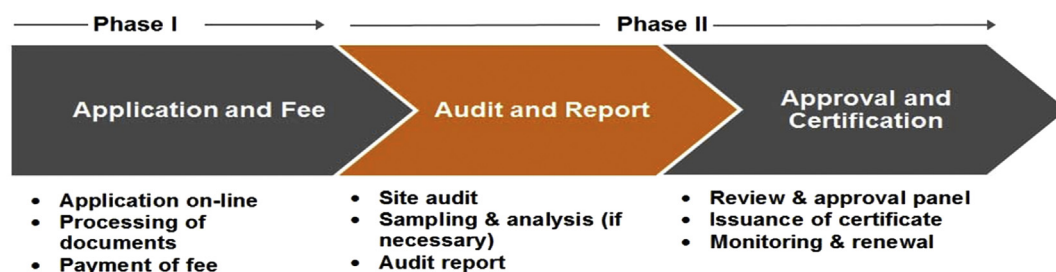

Fig. 1. Malaysian halal certification procedure.
Source: HDC, 2016.