

MIHREC 2014

CONFERENCE PROCEEDING

Malaysia International **HALAL RESEARCH & EDUCATION**

DECEMBER 2- 4, 2014 **Conference**

INNOVATION FOR A SUSTAINABLE
HALAL INDUSTRY

Venue :

Marriott Putrajaya Hotel, Malaysia

Organized by :



Halal Products Research Institute
Universiti Putra Malaysia

Co-organizer :



UNIVERSITI
TEKNOLOGI MARA
SARAWAK



**MALAYSIA INTERNATIONAL
HALAL RESEARCH & EDUCATION
CONFERENCE 2014
(MIHREC 2014)**

PUTRAJAYA, MALAYSIA

2-4 DECEMBER 2014

Jamilah Bakar

Raja Mohd Hafidz Raja Nhari

Nur Fadhilah Khairil Mokhtar

Nurul Natasha Rosman

Nur 'Ain Najwa Mohd Nor

Halal Products Research Institute
December 2014

Any inquiry please refer to

Director
Halal Products Research Institute
Universiti Putra Malaysia
Putra Infoport, 43400 UPM Serdang
Selangor Darul Ehsan, Malaysia
Tel: (603) 8947 1952
Fax: (603) 8943 9745

Perpustakaan Negara Malaysia

Malaysia International Halal Research & Education Conference (2014: Marriot Hotel, Putrajaya, Malaysia)
Proceedings of Malaysia International Halal Research & Education Conference 2014, 2-4 December 2014/*Jamilah
et al.*

ISBN 978-967-960-359-0



1. Authentication and Traceability
2. Product Innovation
3. Product Quality and Safety
4. Shariah, Policy and Regulations
5. Halal Economy and Management

MIHREC 2014 ORGANIZING COMMITTEE

Patron : Prof. Dato' Dr. Mohd Fauzi Hj. Ramlan

Advisor : Prof. Dr. Russly Abdul Rahman

Chairman

Prof. Dr. Jamilah Bakar

Deputy Chairman

Prof. Dr. Shuhaimi Mustafa

Secretary

AinulMardiyyah Abdul Rahman

Treasurer

Ahmad Nizam Abdullah

Zulbasri Othman

MohdRohaizadJasman

Scientific

Assoc. Prof. Dr. NurdengDeuraseh

Dr. AwisQurniSazili

Assoc. Prof. Dr. MohdNasirMohdDesa

Prof. Dr. Muhammad Nazrul Hakim Abdullah

Prof. Dr. MohdSalehKamarudin

Prof. Dato' Dr. Ahmad ZubaidiBaharumshah

Raja MohdHafidz Raja Nhari

Nor NadihaMohdZaki

IdayuAbdGhani

Secretariat

Dr. NurHananiZainalAbedin

AinulMardiyyah Abdul Rahman

SyarienaArshad

NurulHanani Abdul Jalil

Mastura Abdul Kadir

SalizaShahrani

Nur 'AtiqahZainuddin

NurulHawa Ahmad

Zawiah Abdul Majid

Promotion & Publicity

Assoc. Prof. Dr. RodziahAtan

Dr. Ahmad Fareed Ismail

Prof. Dr. Amin Ismail

Assoc. Prof. Dr. AzmawaniAbdRahman

Dr. PuziahHashim

NoorfaizanAnuar

NurFadhilahKhairilMokhtar

MohdSalehanSanusi

CikNorzainaDarus

AhriSogok

Social

Assoc ProfDr. Mohhidin Othman

Dr. SuhaimiAbRahman

Mohammad AizatJamaludin

Logistic & Technical

Prof. Dr. Shuhaimi Mustafa

Umi Noor Sa'adiyahHussin

AmirmuddinNazar

Ahmad FaizalHamidon

AzharRamayah

FadzlanMohdTahir

Sponsorship and contribution

Dr. NorhayatiHussain

Assoc. Prof. Dzulkifly Mat Hashim

Dr. RabihaSulaiman

Dr. Rosnita A Talib

Dr. Nor Afizah Mustapha

ZuflihaZakaria

Nor ZaimahPilus

TABLE OF CONTENT

ORAL PRESENTATION

Theme: Shariah, Policy and Regulation

ID NO	TITLE	PAGE
149	Constraints Experienced by Restaurateurs and Caterers in Indonesia for Halal Certification <i><u>Sulistyo, P., Azmawani, A.R., Suhaimi A.R., and Asnarulkhadi A.S</u></i>	1
1410	Civil Liabilities for False Halal Logo under the Consumer Protection Act 1999 <i><u>Elistina, A.B., Saodah, A., and Rojanah, K.</u></i>	9
147	Administration and Enforcement of Halal Certification in Malaysia – a Possibility towards Cooperative Federalism <i><u>Faridah, J. and Nurhafilah, M.</u></i>	17
1434	The Shariah Committee Attributes, Advising Role and The Preservation of Religion in the Malaysian Islamic Financial Institution <i><u>Sabarina, M.S., Mohamat Sabri, H., Norman, M.S., and Sanep, A.</u></i>	24
Theme: Authentication and Traceability		
1420	SDS-PAGE and enzyme immunoassay methods for detection of porcine gelatin in edible bird's nest <i><u>Nur Azira, T., Nur Illiyin, M.R., and Amin, I.</u></i>	34
1411	Investigating Processed Meat Product Mislabelling in Malaysia's: A Comparison between 2 Methods. <i><u>Hadi Akbar, D. and Norrakiah, A.S.</u></i>	40
1425	LC-ESI-Q-TOF-MS Identification of Porcine-Specific Peptide Biomarker in Cooked Pork for Halal Authentication <i><u>Siti Aimi Sarah, Z.A., Faradalila, W.N., Karsani, S.A., Amin, I., and Sazili, A.Q.</u></i>	47

ID149

Constraints Experienced by Restaurateurs and Caterers in Indonesia for Halal Certification

Sulistyo Prabowo^{1,2*}, Azmawani Abd. Rahman^{2,3}, Suhaimi Ab. Rahman^{2,3}, Asnarulkhadi Abu Samah⁴

¹ *Department of Agricultural Products Technology, Faculty of Agriculture Mulawarman University Samarinda 75123 Indonesia,*

² *Halal Products Research Institute Universiti Putra Malaysia Serdang Selangor 43400 Malaysia*

³ *Faculty of Economic and Management Universiti Putra Malaysia Serdang, Selangor, Malaysia.*

⁴ *Faculty of Human Ecology Universiti Putra Malaysia Serdang Selangor 43400, Malaysia*

ABSTRACT

World *halal* business as well as awareness in *halal* products and services consumption has been growing rapidly for the last few years. However, many industry players have not realized the huge potential of *halal* business. In food industry, service sectors like restaurants and caterings show less concern on *halal* certification than to that in the manufacturing sector. This study explores the constraint in the adoption of *halal* assurance system HAS 23000 as a prerequisite to *halal* certifications in food service industries in East Kalimantan (Kaltim), Indonesia. This study used an in-depth interview in qualitative data collection. Fifteen respondents representing eleven caterers and four restaurateurs were interviewed. An open ended question was employed to elicit the required data. The study identified some internal and external factors as the constraint in the adoption of *halal* certification. The result found that lack of human resources capability, as well as lack of socialization and information was the most used theme addressed by the participants. These factors led to the lack of knowledge and awareness.

Keywords: constraint, halal, in-depth interview, Indonesia, restaurant

1. INTRODUCTION

The *Majelis Ulama Indonesia* (MUI, The Indonesian Council of Ulama/Islamic Scholars) has introduced a *halal* assurance system standard called HAS 23000 since March 2012. HAS 23000 is an integrated management system which organizes, implements and maintains materials, production processes, products, people and procedures in order to ensure the continuity of *halal* production process according to the requirements imposed by the board of certification. As a standard, *halal* assurance system also contains a series of document encompassing the scope, definition, requirements, compliance and so on. Standards are also sorted through consensus, transparency, and openness that refer to international standard allowed. *Halal* assurance system also contains the rules, guidelines and regulations (LPPOM

MUI, 2012). This standard has been recognized internationally and become a reference in some other countries (Wilson *et al.*, 2013).

In line with the fast growing of *halal* business, Indonesia has a bright prospect as it is the biggest Muslim countries in the world with 87.18% of its population are Muslims. Besides, Indonesia has experience a steady improvement in economic and political conditions. Unfortunately, the potential of *halal* business in Indonesia has not been fully realized by the industry players, as seen from the low number of *halal* certificates issued by MUI (Wilson *et al.*, 2013).

This research investigates the barriers by the restaurants and the catering industry in Kaltim Indonesia in implementing a *halal* management system. Kaltim was chosen in this study because the government of this province has urged the stakeholders involved in food service industry to be *halal* certified (Humas Provinsi Kaltim, 2013). Since August 2013, Kaltim became the first province in Indonesia to initiate the local regulation on *halal* products warranty (Humas DPRD Provinsi Kaltim, 2013). It is under the decree number 06/2014 dated Februari 11, 2014 this regulation legalized as “Management and Monitoring Toward *Halal* and Hygienic Products” (Kaltimpost, 2014). In addition, the Ministry of Religion Affairs of the Republic of Indonesia also stated that Kaltim is one among five pilot project provinces to disseminate “*Gemar Halal (Gerakan Masyarakat Sadar Halal)*”, a movement aimed to encourage people awareness on *halalness*. Unfortunately, very little players in the food industry are *halal* certified in Kaltim (Kaltimpost, 2012).

Quality system certification is largely believed to have many advantages for food industries. However, there are always obstacles in the implementation of a quality system. Hazard Analysis Critical Control Point (HACCP) is one among them which has widespread acceptance. The HACCP institutes procedures to reduce or eliminate hazards through documentation and verification system. Notwithstanding HACCP has been widely adopted by the food manufacturing industries in the hospitality and catering sector, yet, there have been concerns about the implementation. While immense research were conducted on food quality system, there have been very little publications on the *halal* assurance system implementation in the food service sector industry. As such, various quality assurance systems in the world have been used in this research as a reference to study the barrier in its implementation.

Practical experience and review of the literature in the field of food safety suggests that success in implementing a system depends on a complex issue includes managerial, organizational and technical aspects. Those barriers include lack of management commitment (Hielm *et al.*, 2006; Baş *et al.*, 2007; Jirathana, 1998; Jin, *et al.*, 2008; Wilcock *et al.*, 2011; Karaman, 2012), lack of facilities (Baş *et al.*, 2007), lack of motivation (Baş *et al.*, 2007), no understanding to the system (Hielm *et al.*, 2006; Baş *et al.*, 2007;

Karaman, 2012), the absence of instructions (Baş et al., 2007), lack of support from government authorities (Baş et al., 2006; Baş et al., 2007; Karaman, 2012), not likely to change (Taylor, 2001), lack of prerequisite program (Baş et al., 2007), lack of knowledge, low of awareness (Azanza and Zamora-Luna, 2005, Garayoa et al., 2011; Karaman, 2012), lack of financial resources and time (Taylor, 2011; Konecka-Matyjek et al., 2005; Baş, *et al*, 2006; Jin, *et al*, 2008; Wilcock et al., 2011; Shih and Wang, 2011; Karaman, 2012), staff turnover (Baş, *et al*, 2006), too much work administration in documentation related to the administration and record keeping (Taylor, 2001; Konecka-Matyjek et al., 2005; Hielm et al., 2006; Karaman, 2012), lack of training (Baş, *et al*, 2006; Baş et al., 2007; Wilcock et al., 2011; Karaman, 2012), lack of competent personnel (Taylor, 2001; Shih and Wang, 2011; Karaman, 2012) and the absence of guidance from experts or consultants (Wilcock et al., 2011).

In the *halal* assurance system study, publications on barrier to successful implementation have been limited in terms of numbers and depth. Studies conducted by Marzuki et al. (2012) and Wan-Hassan (2009) offered some insights on perception of restaurant operators on *halal* certification but it was set up in Malaysia context. Thus, a study that focuses on Indonesia is urgently required due to the differences in the level of economics, dynamicity of the industry, and the rules and policy of the government. Apart from the fact that this study would focus on Indonesia where the development of *halal* industry is considered slow (Wilson et al., 2013).

2. METHODOLOGY

A qualitative approach using in-depth interview based on Taylor and Taylor (2004) was employed. The purpose was to avoid answer led by the interviewer and solely elicit from interviewee perspective. The in-depth interviews were conducted with respondents who had contacted with LPPOM MUI for *halal* certification purposes. Name and address of respondents were obtained from the LPPOM MUI of Kaltim Province. The respondents were contacted by phone, and all agreed to be interviewed. The interview was conducted through face-to-face with 15 representatives of the company. All of them are internal *halal* auditor team member who officially appointed by the company.

Data was recorded using voice recorder and all relevant materials were transcribed to be analyzed. The interview was transcribed verbatim into a text with both the interviewer and the interviewee's words in the original language. Analysis was devoted to seeking an understanding of the whole story and finding out the main ideas or themes that emerged as suggested by Taylor and Taylor (2004).

3. RESULT AND DISCUSSION

The answers from series of interview were highlighted strong barriers to the implementation of HAS 23000. Analysis of the interviews revealed a series of themes that emerged repeatedly within individual responses and across many different interviews, despite the differences in business type, level of interviewee and location. The themes, not by the order of importance, are as follow:

- i. Lack of Commitment and Market Demand - HAS 23000 put the management commitment as the first criteria to be implemented by the business who will apply for *halal* certificate. It is the heart of the system. If the management has a strong commitment, the system will be implemented in their best effort. On the other hand, when the management lacks of commitment for the certification, it will be driven by market demand. A strong commitment of the top management is a must. One of the interviewee which his catering already *halal*-certified proves to deal with this issue. Although some businesses already have a vision about the importance of *halal* certification, some others still pragmatically think the short destination in their business. To the latter mentioned, being *halal* certified is merely driven by the market demand. One hotelier even stated the market driven in their commitment. Indistinctness Procedure, Lack of Information and Socialization. Perhaps, food service industries are rarely exposed to the *halal* certification issue in Indonesia. Most interviewees generally could not explain how the procedure to obtain *halal* certificate precisely.
- ii. Lack of Human Resources Competency - Human resource is the most complicated barrier and concerned to all the business in the interviews. Of this barrier, it could be caused by some intertwined factors such as lack of knowledge and technical knowledge, level of education, overloading work, lack of time, too much paper work and documentation which were repeatedly raised. The interviews showed various level and types of general knowledge in HAS 23000. Most interviewees could not explain what HAS 23000 is. They were more familiar with term *halal* certification or *halal* certificate rather than HAS 23000. When they were asked in terms of specific technical knowledge, the answers were generally low. Many businesses simply understood that *halal* is a matter of free from pork. Having a lack of competence to do what is required, is a significant barrier to the development and implementation of a new system. Human resource is the prominent factor that differentiates between *halal* certified and non *halal*-certified food service industry. One big company who serve for airlines catering is employing qualified persons from its field. Most of employees are familiar with food quality system and standard. The way they prepare and implement HAS 23000 was different from the rest of interviewees.

Meanwhile, even though the hotels were classified as stars hotel, but the *halal* team is not the proper and qualified person. One of team leader at the five-stars hotel is the chief accounting officer, who is not the expert in *halal* matters and very occupied with his own work.

- iii. Lack of training - Training becomes one of the important criteria in HAS23000. Every company that will implement HAS23000 and propose for *halal* certificate must join the training. It is the way for them to get the basic knowledge of the system. But training efficiency is also depending on the educational level of participants.
- iv. Lack of Outcome Expectancy - Businesses have no belief that implementing HAS23000 or *halal* assurance system standards will make any positive impact on the marketing aspect or their business in general.
- v. Supply Chain and Raw Material Availability -This barrier covers difficulties in obtaining raw materials that comply with *halal* standard. It could be caused by the lack of information access, technical term, and finding the proper supplier as well. Material knowledge and inventory are among the repeated theme during the interview.
- vi. Facility - Facility is also important barrier factor for HAS 23000 implementation, especially to hotel industry where their current standard is not in line with *halal* standard. It happens when the hotel intends to apply HAS 23000 but still keeps their established market. Therefore, they have to build a new facility separate from non *halal* facility.
- vii. The Absence of Consultancy - The absence of consultancy is considered very crucial to hamper the implementation of HAS 2300. Therefore, consultants' involvement from the third parties is strongly required.
- viii. Distance of the Certifying Body - The location of the certifying body's location is also one of the concerns. Its location in the capital city is sometimes deemed to be so far and it can be difficult to reach. Not all businessmen know that MUI provides online system for *halal* certification registration since May 2012 (LPPOM MUI, 2013). Even if they are aware of its existence, they are not familiar with the system.
- ix. Law Enforcement and Regulation - The absence of rule and regulation from the government is deemed to weaken the commitment and intention to the business. Even though *halal* is quoted in some regulations in Indonesia, it is still considered as voluntary option. Thus, the business owners did not take proper action since they thought *halal* certification is not mandatory. Taylor et al. (2011) also noted that lack of positive and negative reinforcement could be barrier of the new system adoption.

CONCLUSION

Results from the analysis conclude that majority of the responses from the interviewees indicates the difficulties implementation of HAS23000 or *halal* assurance systems within the food service industry. Narrative interviews disclose that to get used to a new system is not easy. Moreover, small business or if the business uses the family model of spontaneity management, the implementation of HAS23000 may be seen as an unnecessary burden in terms of the documentation. The results of this study confirm some findings by many researches on new food quality system implementation as cited in the literature review above. Furthermore, this study is expected to provide recommendations to help government comply with consumers' needs and demand for halal products. The issue of fraudulent halal claims continues to exacerbate the Indonesian economic landscape. This is because the government has no data from credible research that can guide and support its policy to deal with the problem

ACKNOWLEDGMENTS

This article is a part of doctoral research program at the *Halal* Products Research Institute Universiti Putra Malaysia. The authors would like to thank the Provincial Government of Kalimantan Timur Indonesia which has given further study opportunities through Kaltim Cemerlang Scholarships 2011, The LPDP (*Lembaga Pengelola Dana Pendidikan*) Ministry of Finance the Republic of Indonesia for funding this research through agreement Number PRJ-220/LPDP/2014, and LPPOM MUI Kalimantan Timur for facilitating this research.

REFERENCES

- i. Baş, M., Ersun, A.S., Kıvanc, G., (2006) Implementation of HACCP and Prerequisite Programs in Food Businesses in Turkey. *Food Control* 17 pp 118–126
- ii. Baş, M., Yüksel, M., Çavuşoğlu, T., (2007). Difficulties and Barriers for the Implementing of HACCP and Food Safety Systems in Food Businesses in Turkey. *Food Control* 18, pp. 124-130
- iii. Hielm, S., Tuominen, P., Aarnisalo, K., Raaska, L., Majjala, R. (2006). Attitudes towards Own-Checking and HACCP Plans among Finnish Food Industry Employees. *Food Control* 17 pp 402–407.
- iv. Humas DPRD Provinsi Kaltim (2013). Kaltim Bakal Pertama Perda-kan Jaminan Halal. <http://dprd-kaltimprov.go.id/berita/1524/kaltim-bakal-pertama-perda-kan-jaminan-halal.html> Jum'at, 16 Agustus 2013 | Accessed 10 August 2014 .
- v. Humas Provinsi Kaltim (2013). Rumah Makan dan Hotel Perlu Sertifikat Halal. Available at

- <http://kaltimprov.go.id/berita-142-rumah-makan-dan-hotel-perlu-sertifikat-halal.html>. Accessed 10 July 2013.
- vi. Jin, S., Zhou, J., Ye, J., (2008) Adoption of HACCP System in the Chinese Food Industry: A comparative Analysis. *Food Control* 19 pp 823–828.
 - vii. Jirathana, P., (1998). Constraints Experienced by Developing Countries in the Development and Application of HACCP. *Food Control* vol. 9 No. 2-3, pp. 97-100
 - viii. Kaltimpost (2012). Bukan lagi domain agama tapi bahasa bisnis. Kaltim Post online, Friday November 23, 2012. Retrieved November 26, 2012, from www.kaltimpost.co.id
 - ix. Karaman, A.D., (2012). Food Safety Practices and Knowledge among Turkish Dairy Businesses in Different Capacities. *Food Control* 26, pp. 125-132
 - x. Konecka-Matyjek, E., Turlejska, H., Pelzner, U., Szponar, L. (2005) Actual Situation in the Area of Implementing Quality Assurance Systems GMP, GHP and HACCP in Polish Food Production and Processing Plants. *Food Control* 16 pp 1–9
 - xi. LPPOM MUI (2012). “The 23th LPPOM MUI: Building System to Meet the New Paradigm.” *Jurnal Halal*, No. 93, pp 10-11.
 - xii. LPPOM MUI (2013). *Setahun Aplikasi Cerol, Intensitas Pelayanan SH Makin Intensif*. Retrieved September 11, 2014 from http://www.halalmui.org/newMUI/index.php/main/detil_page/8/1511/30/
 - xiii. Marzuki, S. Z., Hall, C. M., & Ballantine, P. W. (2012). Restaurant Managers' Perspectives on Halal Certification. *Journal of Islamic Marketing* , 47-58.
 - xiv. Shih, K., Wang, W., (2011) Factors Influencing HACCP Implementation in Taiwanese Public Hospital Kitchens. *Food Control* 22 pp 496-500
 - xv. Taylor, E. (2011). HACCP in Small Companies: Benefit or Burden? *Food Control* 12 pp 217-222
 - xvi. Taylor, E.A., and Taylor, J.Z. (2004). Using Qualitative Psychology to Investigate HACCP Implementation Barriers. *International Journal of Environmental Health Research* 14(1) pp 53-63
 - xvii. Wan-Hassan, W. M., & Awang, K. W. (2009). Halal Food in New Zealand Restaurants: An Exploratory Study. *Int. Journal of Economics and Management*, 3(2) , 385-402.
 - xviii. Wilcock, A., Ball, B., Fajumo, A., (2011). “Effective Implementation of Food Safety Initiatives Managers’, Food Safety Coordinators’ and Production Workers’ Perspective.” *Food Control*.

Vol. 22, pp 27-33.

- xix. Wilson, J.A.J., Belk, R.W., Bamossy, G.J., Sandikci, Ö., Kertajaya, H., Sobh, R. Liu, J., Scott, L., (2013). "Crecent Marketing, Muslim Geographies and Brand Islam. Reflections from the JIMA Senior Advisory Board." *Journal of Islamic Marketing*. Vol. 4, No. 1, pp 22-50