

The Halal Location Factors and The Importance In Localization

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Abstract. The problem of selecting an effective location has been and continue to be an emphasis of interest for several entrepreneurial researchers. Generally, the area of choice for an office is connection to its nearness to required characteristic assets, the fiercer political universe of today and regular or financial worldwide calamities. Furthermore, society is applying the halal concept across-the-board and not restricting to the common belief that the term halal is limited to food items or consumables. In reality, the halal concept has a broad run of application beginning from clothing, exchange and monetary services to speculations, interrelationship and manner, social and commerce exchange, or any others which is parallel to the direction that demonstrated by Islam. In order to show how a Halal Location Decision can be a critical factor for the enterprise localization, six factors have been introduced in location decision making which is labor with halal concept, market with halal concept, law and socio-economic with halal concept, environment, infrastructure land and natural resources. In this paper a conceptual model is proposed, based on a literature review and practice in this area. In this paper a conceptual model is proposed, based on a literature review and practice in this area.

Keywords: halal, halal location decision, halal concept, localization

1. INTRODUCTION

1.1. Localization

The halal business is growing rapidly, and new classes have been emerged and drawing halal nearer towards associated halal worth system (Wilson, 2013). Inside the huge halal market portion, there is an incredible assorted variety of Muslim markets with unique particular prerequisites, formed by the distinctive Islamic ways of thinking, fatwas (religious decisions) and neighborhood traditions (Kadirov, 2014). Studies among Muslim customers in Muslim and non-Muslim nations demonstrate the significance of halal control, isolating halal from non-halal up to the point of purchaser buy, and the eagerness to pay for a halal supply chain (Verbeke et al., 2013).

Location decision can be characterized as setting a business, office or gathering of offices in a particular size and type in a territory (Budner, 2004). An area of an endeavor rises as a huge wellspring of upper hand. In microeconomic terms, the location theory applies to a corporation which, in consideration of its expenses and blessings, looking for the high-quality area for its business. Szymanska and Plaziak (2014) stated that, the theory of place in macroeconomic understood spatial economy. This concept is primarily based on the assumption that production expenses and earnings of an organization are depending on its vicinity.

A location decision for the organization is one of the key selections in phrases of strategic making plans and such a selection isn't always made frequently. It's far made specially in the status quo of the company, in case the corporation has increasing call for services or products, in expanding into new markets (Výrostová, 2010). The importance of localization depends on the form of product and the form of technology. Furthermore, the localization issue significance depends on the extent of localization and from of its mobility. Location decisions are made to expand a current

office as opposed to migrating, to maintain the present area while including another office somewhere else or to shut the current area and situating to another site.

1.2. Problem Statement

According to Xu et.al (2018), the area of the industrial facility is a significant long haul choice. It is not just a straightforwardly decision on the development cost of the organization, yet affecting the costs acquired on income generation and organization operations. Once the choice is determined, it is difficult to change. There are two primary issues that should be settled in the issue of plant area. The first is choice, which is to pick a region to construct the plant. On the other hand, the second is tending to which is, after choosing a district, specifically pick where to construct a plant in the district.

When settling on specific choices, it is important to consider on three main circumstances, counting the area of another plant, the movement of the first site, and the expansion of a few industrial facilities to extend generation based on the current plant. In this studies, researcher accept the element coordination through the online trade is an outsider coordination bearer. Organizations obtain basic materials and sell client request items through the cloud or site. The two gatherings actualize the installment procedure through the Internet stage and decide the related obligations, for example, returning products for substitution. The area of the plant is resolved in light of the organization's advancement status, anticipated objectives and others.

The problem of selecting the most effective location has been and continues to be an emphasis of interest for several entrepreneurial students and researchers. The problem of choosing the best location of the facility has been and continues to be a focus of interest for many entrepreneurial scholars and researchers. Usually, the area choice for an office was to its nearness to required characteristic assets. Ongoing direction to choose a best area for an office requires more extensive blend of components, for example, fast headway in innovation, upgrades in 6 generation philosophies, and so on. The area choice additionally is influenced by the fiercer political universe of today and regular or financial worldwide calamities. Six factors have been selected in location decision making which is labor with halal concept, market with halal concept, law and socio-economic with halal concept, environment, infrastructure, land and natural resources.

1.3. Research Objective

The main objective of the study is to define significant factors that usually influence the choice of the place based on the halal demand. Another objective is to explore whether there are relationships between halal demand, location variables and business performance.

1.4. Significance of the Study

Halal business operators need to put their place at the top of their minds. If a person is preparing to open a halal food or halal retail business with a storefront, the most significant factor during start-up is placing the company image in the right place. Hence, the three most important decisions to be considered: "location, location and location," Overbo (2014). According to Spaeder (2014), careful determination of new sites is critical for most halal retail and consumer service businesses. Locations of retailers must be accessible to the potential target group of customers. For most halal retail and halal consumer service companies, careful identification of new locations is critical (Spaeder, 2014). Retailer locations must be available to the prospective halal customer target group. A far distance has an adverse impact on retail store choice by decreasing customer frequency visiting a store. Shops in the center of a town gain distant clients from their next door. Thus, distance from home and distance from the workplace would be related to the quantity of retail store purchase.

2. LITERATURE REVIEW

2.1. Labor with Halal Concept

Labor term utilized to describe the human input into the generation handle; it is the supply of that factor of production which outcome from the action of people. The category of labor force acts as a critical figure that can influence the localization of production. In order in selecting suitable location for the organization, the ability to maintain and attract the workers become main factor to be concern. On the on hand, in each company there are required highly talented specialists, and on the other hand, cheap labor for the circle of services and for basic production. The quality of the labor constrain is a progressively become a critical issue and is found to be critical in numerous studies (e.g. Doner and Brimble, 1998; Atthirawong and MacCarthy, 2001), because it may influence efficiency, quality, waste and rework. The organizations need to consider not only the sources worker's availability as well as the attitude and motivation of local workers in order to control the productivity. Before making global choices, companies need to carefully explore local employment features for each alternative place (Krajewski and Ritzman, 1999).

Islamic job ethics, Islamic job values, Islamic enterprise ethics and Islamic enterprise values were the key terms used to find appropriate papers. Ethical conduct in Islam is based on the concept that people are certain to follow the order of God and to abide by the Shariah principles (Ernst, 2003). The core of the ethics of Islamic paintings is that it adheres exclusively to the Shariah values that worry about halal and haram (Abd Rahman, 2010). This law covers all aspects of human life and life, including patterns of consumption, work, family and social lifestyles. Muslims don't overlook Islam as a religion now, but moreover as a full handbook and a way of living that enables their socio-cultural, financial and political views to be arranged (Wilson, 2012). The primary standards of Islamic ethics include the unity of God (tawhid), trusteeship (khalifah), justice (adael), liberty (ikhtiyar), equilibrium (wasat), duty (masoliah) and benevolence (ihsan) (Beekun, 1997; Rice, 1999).

2.2. Market with Halal Concept

The rapid development of the current company idea, such as halal market, encountered a substantial eighty percent rise in halal sales globally (Hunter, 2012). Hussein (2016) stated that the worldwide halal industry is assessed to be worth around USD2.3 trillion. Developing at an expected yearly rate of 20%, the business is esteemed at about USD560 billion every year. Moreover, in recent years, with the rise within the variety of affluent Muslims, the halal trade has expanded more into way offerings as well as halal travel and welcome services further as fashion. This development has been triggered by the modification within the frame of mind of Muslim customers as well as moral client trends worldwide. The popularity of, and demand for, halal certified merchandise among non-Muslim shoppers are on the increase as additional shoppers are trying to find top quality, safe and moral products.

Zakaria (2008) mentioned that, it should initial be expressed that the monotheism dietary and consumption system is totally different and distinctive compared to alternative ethnic dietary systems. The world community has now begun to know the importance of the Muslims demand for food and alternative consumption called halal. The marketplace for certified halal food and merchandise is growing robustly, both domestically and internationally. Though the term halal has never attracted the maximum amount attention as in recent times, today, wherever there are Muslim customers whose tastes and preferences are governed by halal rules on food specification, a halal market exists. Every Muslim should make sure that what they eat comes from a halal source. This

doesn't mean solely to visualize the ingredients, but also to ensure that the entire method is in accordance with sharia law principles.

2.3. Law and Socio-economic with Halal Concept

Halal in Islam implies 'permissible' (lawful) in understanding the notion of halal, and haram means 'prohibited' (or prohibited) by the syariah. According to Kocturk (2002) by this definition, halal methods, anything that is free from any part that Muslims are disallowed from devouring, and it isn't just "pork free", yet it covers a huge number of structures, for example, certain emulsifiers, gelatins, proteins, lecithin and glycerin, and furthermore added substances, for example, stabilizers, flavorings, colorings, and breadcrumbs. In Malaysia, the confirmation of the halal item is alluding to halal logo issued by JAKIM. In spite of the fact that the item is delivered by non-Muslims, anyway the item is as yet conceivable to get halal accreditation, as long as they utilize the materials been guaranteed halal by JAKIM (Waida et. al, 2015).

2.4. Environment

Environmental performance is better when it can be accomplished through various sorts of suitable ecological practices, and not these practices have similar consequences for financial execution (González- Benito and González- Benito, 2005). Improving environmental performance must be accomplished by means of sources of info, for example by decreasing the assets utilized; as well as through yields, for example by lessening the amount and additionally harmfulness of the waste or emanations created. Moreover, enhancements in environmental performance can be accomplished by methods for exercises that are not explicitly arranged towards ensuring the earth, for example, lean production or a total quality management (Yang et al., 2011).

While according to Witkowski (2015), the factors can be split into: macro-and micro-environmental variables that can affect company location decisions. Macro-environmental factors affecting company's location choices are mainly associated with a country's socio-economic position. Market size and growth, innovation, institutions, infrastructure, macroeconomic environment, health and primary education, greater education and training, commodities market efficiency, labor market, economic market development, technological readiness can be differentiated among them.

The category of environment that involves storage, disposal, recycling and local norms for released hazardous substances were ultimately significant considerations for each business. These variables were very important because the function of businesses was to store all production materials and manufacture products under dry and well-placed storage circumstances (Cifranič, 2016).

2.5. Infrastructure

According to Sawada (2015), infrastructure can generally be classified as financial and social infrastructure. Economic infrastructure involves transportation and communication, irrigation, power, banking and others while social infrastructure involves industries like health, education, housing, etc. In terms of variable concentrations of infrastructural services accessible to individuals in distinct areas, regional disparities in economic development can be clarified. Improving infrastructure facilities is critical to enhancing productive process effectiveness and increasing the productivity of any economic entity.

Sawada (2015) also stated that, development economists researched physical infrastructure as a prerequisite for industrialization and successful economic development, while physical

infrastructure generally includes two financial infrastructures, such as telecommunications electricity, irrigation and highways, and social infrastructure, such as hospitals, schools, sewage systems and water supply facilities. According to OECD (2013), in terms of the quality of its infrastructure, Malaysia ranks 29th out of 144 nations, helping to create Malaysia a competitive investment destination.

2.6. Land and Natural Resources

The following classification is land. Dealing with the utilization of land is a basic piece of land organization systems and represents to the procedure that needs to give economic advancement (Williamson et al. 2010). The issue of manageable land use has expanding significance due to gathered natural issues. These incorporate expanded interest for normal assets, environmental change, territorial atmosphere boundaries, the risk of ecological contamination, biodiversity misfortune, bothered scene dependability, financial globalization, vitality security, water supply, and expanding clashes between sociocultural, political-monetary, and natural objectives (Axelsson et al, 2010; Findell et al, 2017).

Land use and land spread are interconnected, as land usage starts land spread changes. Land spread is consistently changed by anthropogenic land-use effects on the properties, procedures, and segments of administration arrangement. Changes in land use or the board will in this way change administration supply, for explicit administrations as well as for the total cluster of administrations given by that ecosystem (De G, 2010).

In order to determine the most desirable path for future development, it is necessary to closely study the suitability for different land uses in order to direct the growth of land use to the most suitable locations. Evaluation of property suitability is the method of determining the fitness for adequate use of a specified land tract (Marsh; MacAulay, 2002).

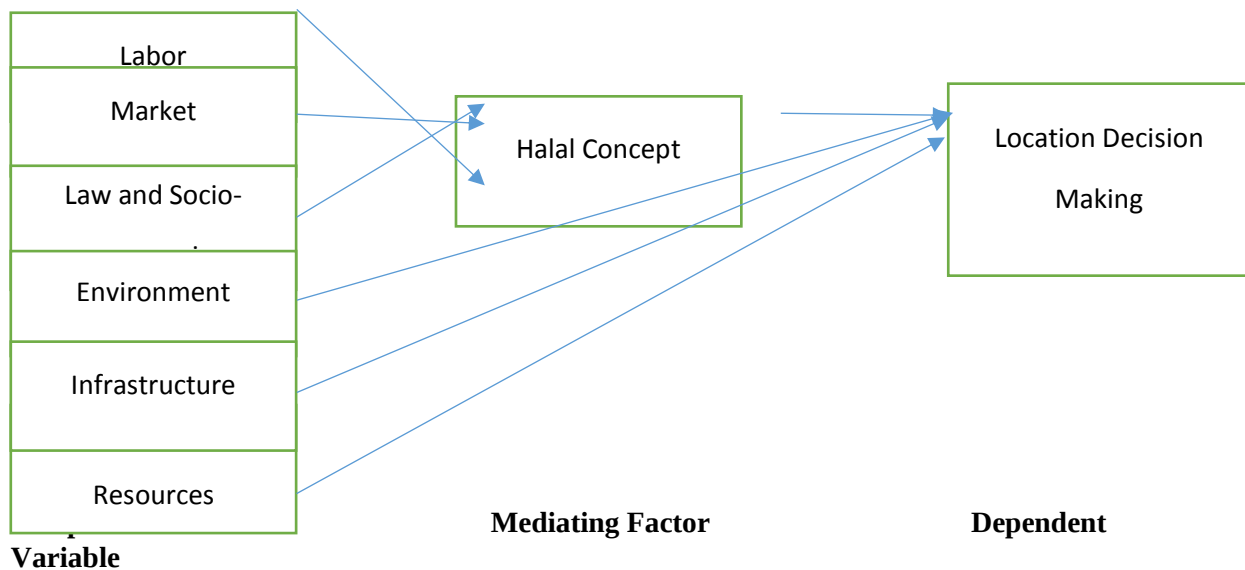
Despite the fact that the land grouping of an asset might be pertinent, other natural resources qualities ought to likewise be considered. "Natural assets" are characterized as the world's normally happening unmistakable, physical substances that can be viewed as resources for organizations as a result of their innate worth. Models incorporate horticultural yields, fisheries, untamed life, woods, oil, metals, minerals, and the fundamental conveniences of air, soil and water that help them (Krautkraemer, 2005).

2.7. Concept of Halal

It is important for Muslims to seek for halal items e.g. foods and drugs, to get pleasure and worship Allah SWT. In point of reality, the adequacy and wholesomeness of the products might improve bodies and souls. In Muhammad (2009) described that halal assurance system is created based on three zero's concept, which are zero constrain (no haram fabric utilized within the generation), zero imperfection (no haram item is created) and zero chance (no disadvantageous hazard ought to be taken by the maker or company). Halal assurance systems ought to be organized inside the organization of the supply chain in order to "fit" the whole supply chain procedure (Brewer, 2010).

Nowadays, the halal concept is across-the-board and restricting to the common belief that the term halal is as it were connected or utilized on food items or consumables. In reality, halal concept has a broad run of application beginning from clothing, exchange and monetary services to speculations, interrelationship and manner, social and commerce exchange, or any others which is parallel to the direction that demonstrated by Islam (Nasaruddin, 2012).

2.8. Theoretical Framework



3. METHODOLOGY

Researcher using evaluation technique in obtaining the outcomes; comparison technique and questionnaire survey. This technique is one of the most popular information collection instruments for various kinds of surveys, consisting of a sequence of issues aimed at obtaining facts and views from participants. The questionnaire and location variables in it are based on the literature available on this subject and are tailored to the nature of chosen companies. Questions were built in the form of open questions in the questionnaire. Specific business features are split into six classifications, namely: labor, market, land, infrastructure, environment, and social and financial circumstances of law. The point scale from grade 0 to grade 4 is given to evaluate the significance of localization variables. Where 0 is of no significance, grade 1 is of low significance, grade 2 is of average significance, grade 3 is of significant significance and grade 4 is of ultimate significance.

4. CONCLUSION

It is not enough merely to produce a quality product and offer good services, but it is also necessary to be careful that these goods and services produced are available in the right quantity, in the right place, in the right time and by expending reasonable costs. An appropriate location enables businesses to reach production ability, extra profit, extension of company, improved customer service, increased wealth of stockholders, cost reductions, and, among other things, a reduce in production lead time.

Location choices are a main element of organizations ' strategic and decision-making. Location is a complicated, vibrant and challenging issue that needs to be constantly studied and discussed as the variables influencing the decision of place grow with time and need to be redefined. The optimal places can give a competitive advantage and can add to a company's achievement.

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