

Benchmarking Of Malaysia Certified Halal Warehouse to Implement Certified Halal Warehouse in Indonesia

Ira Fazira¹, Diani Harras Isri Aviastruti², Raden Didiet Rachmat Hidayat³, Siska Amonalisa⁴,
Berlian Badarusman⁵

^{1,2,3,4,5} Institut Transportasi dan Logistik Trisakti, Jakarta, Indonesia

Corresponding author: irafazira2303@gmail.com

Abstract

Recently, Halal Logistics is developing due to the social needs of a number Muslim-majority countries and becoming important to the community of Muslim. So many developed countries (even for non-Muslim countries) are aware of halal & tayyib goods/services. According to Islamic law, Halal standard must be applied for the products from the beginning of production process until they are ready to consume. In Indonesia, especially in the logistic field, there is only one Halal Warehouse that is PT. Multi Terminal Indonesia Halal Logistic & Cold Storage (MTI). The Halal Logistics guarantee is very important, particularly in the field of Halal assurance. It is to ensure that the products/services have acquired Halal integrity that will become the brand equity of Halal products. Unfortunately, there is still a lack of standardization and certification for Halal Logistics in Indonesia. One of the Islamic countries that becomes the benchmark of Halal Logistics is Malaysia whose certification is recognized by the world and has become the international standard. This research was conducted using the qualitative method, by conducting a semi-structural interview, in-depth interview, focus group discussion and obtaining secondary data and conducting field observation. The result shows that Indonesia should have Malaysia as a benchmark of the Halal sector, especially in the field of the Halal Logistics system for the guarantee of Halal standard in 2019. It needs a lot of research to make it happen.

Keywords: benchmarking, halal assurance, halal logistics, halal warehouse, standardization

Introduction

Indonesia is one of the largest Muslim-majority countries in the world and the growth of Muslims in Indonesia continues to increase every year by more than 87%. (Dza, 2014)

According to Islamic law, when a product or service is in a good condition from raw materials until it reaches the end consumer, it is called Halal.

According to Zaroni, Halal criteria, there are: (Zaroni, 2016)

- Halal substance
- The Halal way of obtaining it
- The Halal way of processing

Halal Concept should be the guidance of the product or service because the principles of *tayyib* must meet the standard of the quality, cleanliness, and safety. Parts of the supply chain is Logistics in which Halal Logistics is one of the service developed in Indonesia. The roles of Halal Logistics are to help and maintain Halal food that is consumed, to avoid products that are not halal or not based on Islamic Law. There are several activities to support the sector of Halal Logistics, those are distribution, warehouse, and transportation (Talib, Hamid, Zulfakar, & Chin, 2015)

A process of transformation from raw material and distribution of goods until the final consumers is called supply chain. (Rizaldy, Wynd, Hidayat, Raden Didiet Rachmat, Handayani, 2018). Logistics is the process of management from raw materials to finished good (Investopedia, 2018). In accordance to Tieman, Halal Logistics has been defined as the process of managing the supply chain in compliance with the general principles of shari'a that manages goods from movement, storage, unprocessed handling to finished products, whether food or products meet the standards of Islamic principles of Sharia or not (Tieman, 2013)

Logistic is divided into several parts:

- **The Warehouse** is a transitory storage place used during the production process (Nghah, Zainuddin, & Thurasamy, 2010). There are two types or warehouse, Halal and general. The halal warehouse is only handling Halal products that are in compliance with Islamic law. Halal warehouse has to ensure that Halal products are separated from the non-Halal products. Halal warehouses usually have the verification of the Halal status of incoming shipments through checks on shipping documents, labeling, marking and packaging status (Asia, 2011). The general warehouse is handling product without separating the product.

- **Distribution** is sending the finished product to the end consumer at the right time and place. (Zaky Abdul Karim, n.d.)
- **Transportation** is transferring goods/passengers from the place of origin to the destination (Gunawan, 2015)

Certification is a process or procedure or a set of processes that refer to a person or institution to obtain certification or a charter (Mengkaka, 2015). The standard assurance system according to Indonesian Council of Ulama (MUI) is a guarantee from the government that is authorized on the Halal products (Majelis Ulama Indonesia, 2008). Certification of halal products is important to support government in UU JPH (Halal Product Guarantee) that will be required in 2019. It is governed by Indonesian Republic Law No. 33 of 2014 on the guarantee of halal products (33, 2014).

Halal Logistics is still rarely known in Indonesia and there is only one Halal Logistics & Cold Storage company, that is PT. Multi Terminal Indonesia Halal Logistic & Cold Storage Company (MTI). This company also provides several services such as freight forwarding, customs clearance, cargo courier, warehousing, distributing, transportation and special cargo (goods handling, storage, and distribution of halal products). MTI builds cooperation with LPPOM MUI which issued Halal Guarantee System (SJH) (IPC Multi terminal, n.d.). Benchmarking is a process comparing a performance or system with similar activities in other organizations internally and externally (Un, 2014)

The government now is currently preparing the Halal system in Indonesia in the field of halal logistic. This paper focuses on the discussion about certification in the field of a Halal Warehouse in Indonesia following the benchmarking of Malaysia's Halal system with Indonesia local content.

Method

This research is applying qualitative approach to describe in detail about benchmark Halal Warehouse Certification in Malaysia to be a standardized

benchmarking in Indonesia. A site visit has been carried out at MTI. Data collection is done through a structured interview, semi-structured and in-depth interview and focuses group discussion. The data analysis techniques used in this study is an approach developed by Miles and Huberman that includes (after data collection) data reduction, data separation from unfocused, detailed and others so that the data will reveal patterns or themes. The next step is to display the data (data display) that serves understanding for advanced analysis of an information or event. The last process is the conclusion of the research based on the pattern and theme. Withdraw conclusion is done continuously while doing the data reduction and data display. (Miles, Huberman, & Saldana, 2014)

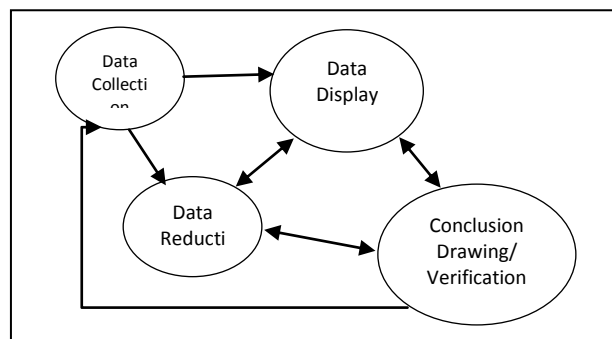


Figure 1. Data Processing Technique

Source: Miles, Huberman, & Saldana (2014)

Result And Discussion

Halal products distributed to consumers are not yet fully guaranteed because of lack of socialization from the government to implement the Halal guarantee (UU JPH). Halal in Indonesia is still limited only to the trust between the sellers and the buyers because the businessmen have not registered their products to halal certification in Indonesia. Halal certification in Indonesia is certified by LPPOM MUI before the enactment of Law no. 33 of 2014 and gives the authority to Halal Product Assurance Organizing Agency (BPJPH) (33, 2014).

Halal Certification Procedures in Indonesia:

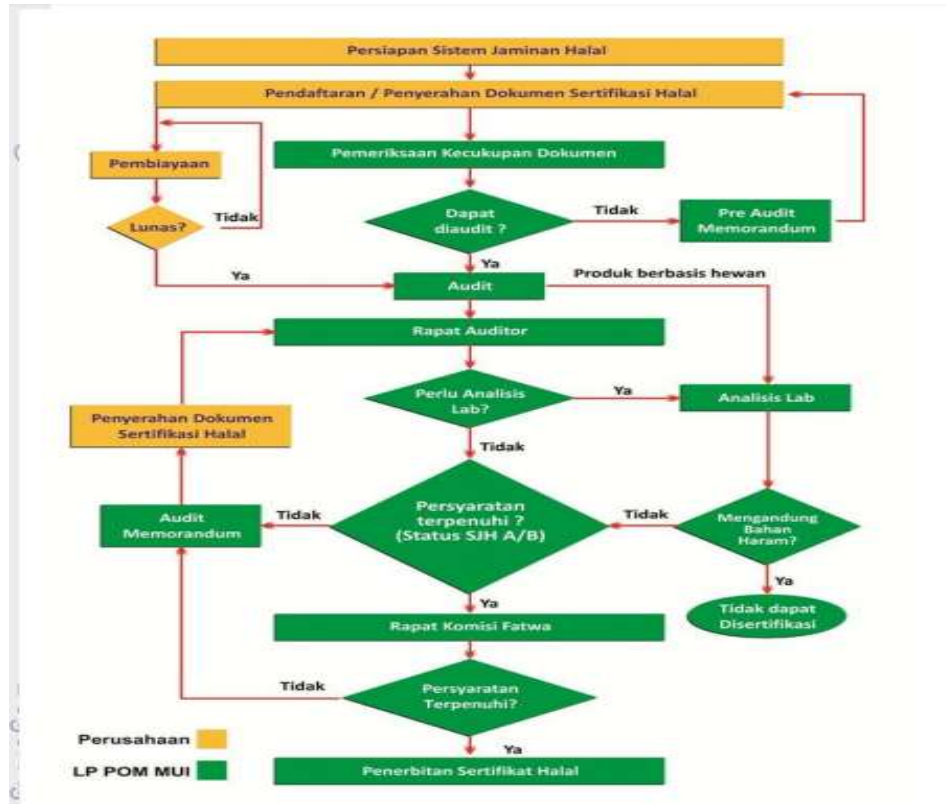


Figure II.
Halal Certification Process in Indonesia
Source: (Dza, 2014)

This certification is important for the businessman as an evidence that the products have been reviewed and declared halal by Institution for the Study of Food, Drugs and Cosmetics of the Indonesian Ulama Council (LPPOM MUI). After the enactment of the trial of Law No. 33 of 2014, the government created a new institution that is the organizers of halal product guarantees abbreviated as BPJPH which has officially operated since 2017. The implementation of Halal product guarantee is written in article 6 of Law No. 33 of 2014. (33, 2014)

Table 1.
BPJPH Authority

BPJPH has the authority:
• Establishing JPH norms, standards, procedures, and criteria • Issuing and revoking Halal Certificates and Halal Label on Products • Registration of Halal Certificate on Overseas Products • Disseminating, educating and publicizing Halal Products • Accreditation of LPH • Registering Halal Auditor • Supervising the JPH • Conducting Halal Auditor guidance • Cooperating with domestic and foreign institutions in the field of JPH implementation (33,2014)

Source: BPJPH (33, 2014)

There is only one Halal Warehouse in Indonesia that has obtained accreditation and gained grade " B" certification from LPPOM MUI, that is MTI. The halal certification in Indonesia process is still evolving and focusing on halal certification for Food and Beverage products instead of Logistics. If Indonesia has to compare to other Muslim countries such as Malaysia, Indonesia is way too far behind Malaysia because Malaysia has already operated halal activities in all sectors. This research prioritizes the discussion of halal logistics in Indonesia, which refers to the system in Malaysia. Halal logistics in Indonesia will run if it has been certified and socialized to society, according to Mr. Sucahyo as the General Manager of MTI Halal Logistic and Cold Storage. He also mentioned about Indonesian citizen awareness of halal logistics is still very low, less than 30%. The stakeholders think that they do not need to do halal activities during the production process. The community paradigm relies only for halal beliefs and halal labels in the products. They do not know the process of distribution, storage and transportation, whether they are Halal or not. Indonesian citizen needs to open

their mind about the halal process of the products from raw material until they finally reach the end consumers through the socialization from the government. In Malaysia Halal Logistics activities in all sectors are supported by the government. The country realizes that halal industry is very important and has a big role. Malaysia takes risks to become a leader in certification and standardization of procedures in the world in the halal field lately. Halal certification in Malaysia is recognized throughout the world today. Malaysia has held World Halal Conference since 2014 for the socialization of representatives of the state, entrepreneur, investors, academicians, community, and students. This conference makes Malaysia a country in Southeast Asia whose Halal certification becomes the current world standard (MIHAS, 2018) .

Halal Certification Procedures in Malaysia:

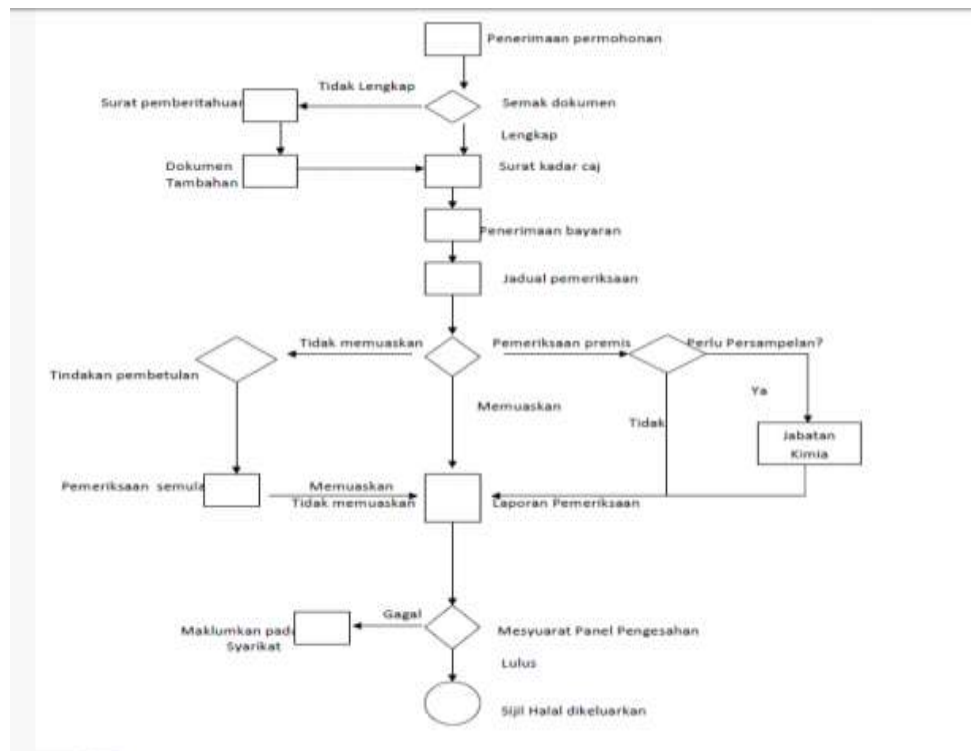


Figure III.
Halal Certification Process in Indonesia
Source: (Dza, 2014)

To obtain Halal Logistics certification in Malaysia, according to Islamic Development of Malaysia (JAKIM), the company must meet the requirements which are the documents, management reasonability, warehouse conditions as follows (Jabatan Kemajuan Islam Malaysia, 2015)

- Documents to be prepared according to JAKIM Malaysia (Jabatan Kemajuan Islam Malaysia, 2015):

- MS2400-1: 2010 Halalan-Toyyiban Assurance Pipeline - Part 1: Management System Requirements for Transportation of Goods and/or Cargo Chain Services
- MS2400-2: 2010 Halalan-Toyyiban Assurance Pipeline - Part 2: Management System Requirements for Warehousing and Related Activities
- Decisions of the National Fatwa Council for Islamic Affairs or the Fatwa decreed by the states.

- Management response (Jabatan Kemajuan Islam Malaysia, 2015).

- establish the Internal Halal Committee;

- With reference to HAS 2011 (Jabatan Kemajuan Islam Malaysia, 2015).

- Appoint a minimum of two Muslim workers; and

- Shall be permanent posts, a Malaysian citizen, competent in the halal management system and full-time work in the handling/ coordinating of logistic operations. (Jabatan Kemajuan Islam Malaysia, 2015).

- Establish the Halal Assurance System with reference to HAS 2011.

- Warehouse conditions include warehousing and transportation (Jabatan Kemajuan Islam Malaysia, 2015).

Part of The Warehousing System in Malaysia
• The warehouse to be halal certified shall store only Halal products/goods • Operates halal documentation system which is continuously updated • The halal good product will be segregated according to the appropriate category, as product dried product shall be separated from the wet product • Have a well-regulated storage temperature, suitable for storing the Halal goods/products • The applicant shall ensure that the pest control is conducted systematically • The warehouse compound shall have a control mechanism to prevent animals and unauthorized personnel from entering or being present in the premise of the warehouse • Halal detection system shall function effectively • Tool and elements of religious worship are strictly prohibited in the warehouse compound • Sertu (ritual cleansing) process shall be conducted if the warehouse is contaminated with materials categorized as najis mughallazah • The environment surrounding the warehouse shall be cleaned in accordance with the regular sanitation schedule

Figure IV.
Part of Warehouse System According to Jakim Malaysia
Source: (Jabatan Kemajuan Islam Malaysia, 2015)

Conclusion

From the above research results obtained as follows:

1. Halal Warehouse Certification in Malaysia can be the benchmark of Halal Warehouse Certification in Indonesia.
2. The Malaysian Government acts as the leader and has already conducted a socialization program using conference/seminar/discussion/expo to promote Halal Logistics.

Suggestion

1. Halal assurance is used as the brand equity for the Muslim community to guarantee Halal products.

2. The Indonesian Government should act as the leader and conduct socialization program such as conference/seminar/discussion/expo to stakeholder to promote Halal Logistics and Halal Certification Standardization.
- 3.

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