

Halal Strategic Positioning of Fourth Party Logistics (H4PL): The Methodology Framework

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Abstract

The aim of this study is to examine the methodology framework of halal strategic positioning (4PL) of fourth party provision in Malaysia. Halal logistics is impressed through the Halal logistics facility suppliers to come across the request from Halal manufactures to be able to maintain the Halal dependability for Halal product. The Halal provision involves processes of factory handling and data flow during the availability chain in unity to the prescribed Shari'ah law and accepted halal standards. Customers square measure currently extra concern regarding the integrity of Halal standing and additionally interested in all activities involving on the availability chain whether the product purchased are completely Halal. The study analyzes the factors of provision methodology framework comparable to Order Management, Transportation Road Haul, ocean freight and Air Freight, Customs Clearance, warehousing exploitation 4PL traceability through SOP and Technology in place.

Keywords: strategic positioning, methodology framework, halal integrity, halal standard.

Introduction

Islamic world is expected to increase to 2.2 billion by 2030. supported the report printed by Thomson Reuters (2014), The 2014-2015 State of the global Islamic Economy Report, the Muslim people is predicted to extend at a rate of 1.5 % per annum. Supported a review by Wilson (2014) the number of Muslims population is increasing at a rate that is virtually 10 times quicker than the non-Muslim population. In keeping with Wilson and Liu (2011), muslim customers would like to be certain that the foodstuff they consume could also be a real index of Muslim values that is termed Halal. Halal within the Quran implies permissible, allowed, lawful or legal. The Quran commands Muslims to consume halal food, to ban that is haram and to avoid unsure things (Al-Baqarah: 172). Supported by

Pahim (2012) and Zailani (2015) study, active of halal product can be continually the style when the goods manufacture has been factory-made, as since a halal foodstuff might simply lose its halal standing if it is unclear throughout transporting and storing before delivering to the retail vendors.

According to Tieman (2011) study, the availability of logistics links the hole between the aim of the manufacture and therefore purpose of the client consumption, the availability of halal merchandise incorporates a key to bound that truthfulness of halal product at the aim of consumption. However, although the big halal shop (Soltanian et al., 2016) and thus the significance of halal provide applies in stabilizing the halal honor of a nutrient, the number of halal-certified third-party provide service suppliers (LSPs) in Asian nation remains imperfect (Jaafar et al., 2011; Talib et al., 2013). Meanwhile for 4PL service provider, there are restricted players in Asian nation market. Several countries within the world have pursued the solicitation of 4PL as well as the USA, Europe and China. A 4PL has been developed because the ideal answer to own one window of responsibility across each offer and demand chains. A 4PL supplier delivers a complete offer chain answer to its shopper by providing a singular commercial technique combination experience (evidence technology, global provide restraint administration etc), coordinative and managing the possessions, competences, organization, and knowledge of complementary (3PL) service suppliers. The stamp of approval has helped guide Muslims in creating the proper decisions in their daily lives and edges others who are in no particular order, compelled to adhere to the resolution. Malaysia has 13 halal standards, which are not solely certify food things as food premises, but cosmetics, attention, prescription drugs and suppliers. In comparison with several countries within the region, notably those with sizeable Muslim populations, any cements the country's trailblazing position within the international halal business.

According to Datuk Seri Jamil Bidin, Chairman of HDC 2017, most nation had solely begin or have nevertheless to travel beyond the food business. With the exception of the food and pharmaceutical business, among others, Malaysian halal

business players had additionally been actively manufacturing halal vaccines, nutraceutical production (dietary supplementation and medicative food ingredients) additionally as devices that are used throughout process. These sectors have been seen as various new product and developments. As for the nutraceutical sector, there is massive party rising resembling the Chemical Company of Malaysia that produces halal supplements. Within the divine services space, the business concentrates on halal provision, care, and KPJ healthcare Bhd, as an example, that has been providing halal intervention to patients.

Background of the study

There is additional to the halal business which meets the attention despite the spiritual enigma it signifies. The stamp of approval has helped guide Muslims in creating the correct decisions in their daily lives and advantages others, who are in no specific order, compelled to adhere to the convention. The thought of halal has attained collective consideration because of rising variety of Muslim inhabitants generally. According to Harlina (2012) the growing variety of Muslim establishes that the consumption and upgrade of the halal food is changing into vital because it connected with quality, cleanliness and safety as emphasizes by the Shari'ah principles. Mohamed (2016) states that integrated halal normal is not solely restricted on the ingredients of the merchandise however additionally accommodates all activities on the provision chain.

According to Ali (2013), he found that a lot of researcher interested in specializing halal supplier because of the very detail of halal foodstuff trade for quite 17% of the globe foodstuff trade. Moreover halal food share several significant collective developments with non-halal food, therefore halal food truthfulness will shed lightweight on different food offer chain; and greatest prominently halal food marketplaces are growth. Developed consideration of halal logistics in docks operation can produce a large advantage for food corporations that expect to undertake into the increasing grocery marketplaces.

The most important principles ought to be targeted on square measure is

the product should not be contaminated with halal foodstuffs. According to Harlina (2011), the vein supply is seen collectively of the probable sections within the supply chain that incorporates a hidden risk towards halal integrity. The method of transportation ought to be ensured clean and consignments properly sequestered to make sure the square measure ascertained that the supply square measure dedicated to the halal product cargo. Presently major challenges {to produce to offer to provide} a halal supply chain arise as there are not several certificate of halal suppliers willing to cater for the halal demand. Furthermore, the quality method and procedures of implementation facet unbalance among the port operation. The cross contamination of halal product with non-Halal throughout the transportation operations is in extremely risk. A number of the issues square measure distribution containers, deprived visibility into what record is during which containers, the instrumentality in transit, past of instantaneous vendors, and past of instant maintenance and compromising in segregation allocation house among Halal and non-Halal product in similar containers hyperbolic the danger.

Transporters and a few forwarders of 3PLs provide on-line entries to trace shipments. The shipper attempts to manage the acquisition order; that is what should be copied and also the standing and progress renowned. Besides, coping with containers is associate degree once reality. It is a result of handling the order and the provider; it is the result, not the reason.

Transporters and forwarders specify in the cargo, the instrumentation. Substantial containers, achieving service contracts and revenue maximization are what carriers and forwarders verify. Nothing of these facilitate the client to accomplish purchase orders. Currently there is adispleased client would like a 4PL to meet.

Literature Review

Logistics subcontracting is not a new conception by any substance. According to Mothilal (2012) third-party logistics (3PL) provider offers contract

services to other companies including inbound transportation, outbound transportation, warehousing services, and reverse logistics services. According to Lynch (2000), this exercise can be outlined back practically as far as one would care to study it. A study from Rabinovich (1999) stated that the opportunity of 3PL services covers a multiplicity of options from transportation to covering substantive activities in the entire chain like warehousing, inventory management, order processing, information system and packaging.

In the meantime scrutiny to 3PL with 4PL, consistent with Subramanian (2016) the analysis of 4PL dates back in late 90s once Gattorna first conferred the 4PL conception as a resource, competences and technology incorporation so as to style, build and route broad provide chain resolution. However, the analysis on 4PLs came into interest within the last 10 years. The term 4PL was given by Hans Christian Andersen Consulting (later Accenture) as a provide chain measuring device who gathers and accomplishes the resources, competencies, and technology of its organization with those of matching service suppliers to deliver a broad provide chain resolution. This principal logistics supplier will convey worth and a reengineered methodology to the buyer's need. A 4PL is neutral and succeeds the provision technique, in spite of carriers, forwarders or distribution centre's unit of measurement. The 4PL can accomplish 3PLs that a client uses.

Win (2008) urged that 4PL performs because the resolution that enables companies round the domain and from a definite trade to possess a singular purpose of obligation across each provide and demand cables. Yao (2010) known that the satisfying operation of 4PL incorporates suggests that of a provide chain much, capably and adaptably. Papadopoulou (2013) dispute a few constant evolution of 4PLs at intervals a provide chain and highlight its pioneering nature. They acknowledge that the conception of 4PL was established and developed through the years wherever numerous authors gave their own interpretation on 4PL term and its services. Most of the authors decide that the 4PLs services are the mixture of organization, material experience and company incorporation.

Pavlic Skender and Grcic material (2013) outline 4PL as an unconnected

object who acts as a combined venture or a semi-permanent contact between the principal client and one or many associates. They state that 4PL is an interface between purchasers and multiple provision suppliers. Hlaca (2016) discusses them as universal provision operatives. Moreover, the study on 4PLs still receives several concerns as its revolution and alteration to the provision market mandate is extremely inspiring.

In order to satisfy the need of Halal Fourth Party offer (H4PL) Jaafar's (2011) found patrons are presently afraid not solely on producing procedure, however jointly all events on the supply chain for the Halal product because of that substance, Halal provide chain services have to be compelled to be a ultimate part of a problem for Halal product. Though contemporary Halal ethics control foodstuff manufacture, research, treatment and stowage to certain extent, it does not make sure that the merchandise are Halal at the aim of intake (Tieman, 2006) if the makers unable to use Halal provide sequence through the supply chain actions.

According to Talib (2013) exploration, transportation movement in Halal services plays a dynamic role and is additionally the stage wherever cross infection could occur between Halal and non-Halal. Within the in the meantime, supported Harrison and Van Hoek (2005) study, international provision expressions encounters treasure covering principal periods, stretched and unpredictable journey periods, numerous associations and disruption points and various freight methods and price decisions. Halal provision is essentially the act of allocating halal merchandise through the halal offer chain. To forestall infection throughout delivery, core provision activities, almost like transportation, storage, material handling and procured, ought to be Shari'ah-compliant.

The expression of 4PL was to the supply world by the consulting company Accenture Ltd in 1996 that refers to an offer chain "integrator that accumulates the resources, competences and technology of its own organization and alternative organizations to style, build and run comprehensive supply-chain solutions" (Bumstead and Cannons, 2002). Within the 4PL model, companies source the total

offer chain to a forth party that assembles, coordinates and integrates the capabilities of all the 3PL provides, with the facility to style, build and run complete optimized offer chain solutions (Bumstead and Cannons, 2002).

4PL suppliers take over the total offer chain from their clients; they manage the day-after-day activities of its client's PL suppliers, they style the client's offer chain network, negotiate contracts with 3PL suppliers, manager inter-company relationships, manage operations, measure 3PL providers' performance, and manage IT systems property (Lieb and Hickey, 2002).

Supported by Shahidan and Othman (2006), they found thatthe most problems area unit lack of implementation of JAKIM, lack of help by connected agencies and lack of collaboration amongst the halal authorization specialists and slow method of documentation. Another study from Hishammudin (2007) claims that the inadequate IT support for file and material system that result in absence of volume to implement duties and responsibilities specifically on halal supply.

Proposed Research Framework

This section of the paper will look further into the methods that are critical towards enhancing the integrity of the Halal logistics supply chain. The method framework that will be included in this discussion including Order Management, Transportation Road Haul, Sea freight and Air Freight, Customs Clearance, Warehousing using 4PL traceability through SOP and technology, focused on Halal Logistics. In the event of implementing the Halal logistics, it is the tactic of managing the acquisition, movement, storage and handling of materials, through the organization and so the offer chain in compliance with the ultimate principles of Shari'ah Law.

As Halal 4PL in Malaysia, the corporate should be Halal JAKIM certified provider equipped with progressive IT systems could be a total logistics supplier with large network coverage and freight forwarding partners worldwide.

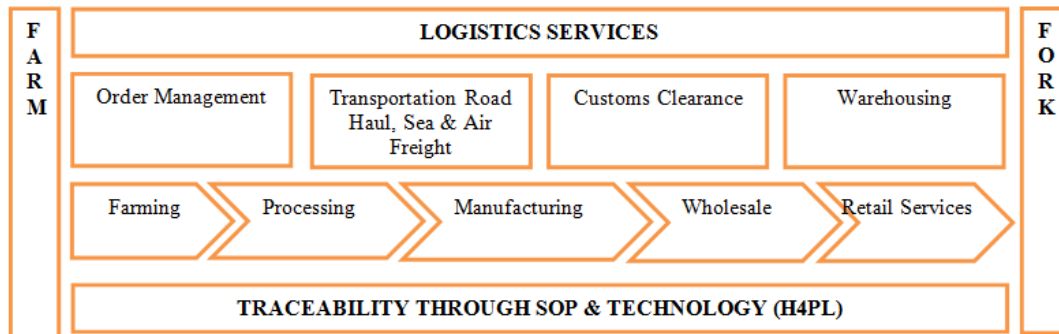


Figure 1 Logistics Framework

The construct of Halal 4PL in provision services should be unified halal standard ranging from farming, physical segregation and separation of products throughout logistics method i.e. processing, manufacturing, wholesale and retail services before it reach to consumer's fork. Mohamed (2016) states that combination of halal regular is not solely restricted on the elements of the merchandise, but includes all actions on the availability chain.

Order Management

Warehouse Management System (WMS) is designed to capture Halal necessities of purchasers. This includes manufacturers and vendor's name, valid Halal certificates of JAKIM and alternative international Halal bodies recognized by JAKIM to list of product specifications. Pool trained Halal operation and support service groups at numerous operation sites. Halal and non-halal merchandises are not mixed on handling instrumentation admire forklift, trolley and pallet or in an exceedingly instrumentation / common transportation vehicle. Container/ Transportation Samak Service, Samak ritual cleansing of each container and transportation. For transportation, to ensure at the point of order that the chosen mode of transport that carries Halal products are cleaned before use according to existing hygiene, sanitation, and Samak and ritual cleansing. All Haram products are strictly prohibited within the compound of Halal certified warehouses at all time. Physical segregation and separation of goods throughout

warehouse processes i.e. Receiving Put away, Storage, Cross -Docking, Value-Added Logistics, Order Picking and Shipping.

Traceability through SOP and Technology (H4PL)

Track and Trace is real time information management provides better insight of customer's products whereabouts. Warehouse Management System (WMS) gives access to customers on inventory tracking and shipment delivery acknowledgement. Apart from WMS, fourth party logistics (4PL) using in-house haulage and logistics system empower the monitoring of delivery of customers' goods from local port to door, and GPS monitoring nationwide. Logistics vendor must comply with the audit process by HDC (Halal Development Centre) that includes periodic surveillance audit, complain that should there be any report of Halal Certification abuse and cooperate in follow-up visit to ensure corrective action has been taken.

HDC has structured audit particularly for halal industry environment. It will review of internal halal auditing phases and conformity assessment to meet the halal certification requirement and it best practices. The method of auditing phases and processes on halal standard and halal certification involved plan, organize and implement internal halal auditing in the organization. The organization will ascend food production and services knowledge into halalan thoyyiban system as well as leveraging on the experiences thus acquiring exposure on latest findings in research and development of the halal industry.

Meanwhile, for JAKIM audit procedure, auditing is going to be administered at the end of specified application procedures are consummated. The auditor shall be those that does not seem to be within the Halal Certification Panel and auditing shall be administered by minimum of 2 officers, who are competent in Muslim education and technical matters. The inspection covers general and specific requirements of certification including, documentation and company profile, internal Halal Control System, raw material/ ingredient and processing aid,

equipment, packaging and labeling, storage, processing, transportation, workers, sanitation system and premise cleanliness, waste disposal management, and finally premise compound. (JAKIM, 2015).

Framework Support Function



Conclusion

The categorical modification in logistics market and growing complication of a customer's claim, new technological achievements and new structure prospects need association with new, a lot of progressive varieties of logistics service providers. One in all them may be a fourth-party logistics provider (4PL) because of advanced solutions in generating a whole provide chain, 4PL operators are slowly taking the sticking out state of affairs within the international supply market. Whereas the conception of 4PL supplier is gift in theoretical researches for a moderately very long time, the compensations of outsourcing 4PLs is still not documented enough on the logistics market. The paper aims to denote the compensations of the outsourcing 4PLs. This paper provides a knowledge-based theoretical framework for higher understanding the profits of incorporating 4PLs into contemporary business. Incorporating a 4PL approach allows to deliver distinct perspective, skills and technology to the present in-house operations so future researches could also be broaden by implementing each qualitative and quantitative technique to gauge the impact of fourth-party supply supplier on a business performance characteristic among industries.

The results of this finding shows that not solely Muslim disbursed and

selects Halal merchandise, so the implementation, the social control, and therefore the integrity of halal provide chain is crucial towards the prosperity of halal supply in Malaysia. Halal Fourth Party offer (H4PL) could also be a replacement method to handle Halal product. This method has been created to encounter the request from the Halal trade but at the equivalent period ought to be associated with the Shari'ah necessities. Even Halal change Malaysia quickly massive in Asian nation, but the event in Halal offer sequence facilities is not nearly as good as Halal trade. Implementation proportion for Halal offer chain jointly still moderately small among Halal makers. There are some obstacles obstructing them to implement and jointly certain variables is also as enablers for them to accept it. This study is just an attempt to possess an indication regarding adoption of Halal offer chain services for carriage and storage from the perspective of Halal service suppliers. The conclusion from this study may be bases for one more study to own an improved understanding concerning the Halal provide chain trade.

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