

A review of the global trends in Halal

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Abstract

The aim of this paper is to review the available research studies on the global trends in Halal. The Halal industry is one of the fastest growing industries in the world today. This paper aims to review some of the research studies which have been carried out on the latest trends in the Halal industry, including in the Halal food industry. For this paper, specific search terms were used in the Google Scholar search engine and the results were shortlisted according to the year of publication. From the review of the available studies on the subject, it was clear that the economy as well as the way of doing business in the world is changing today, due to the growing Halal industry. This study provides a holistic view of the latest trends in the Halal industry across the world, including the Halal food industry.

Keywords: Halal, Trend, Business, Economy, Food, Industry

Introduction

Halal is one of the most important concepts in Islam. Since the number of practicing Muslims worldwide has been increasing, Halal is a concern among consumers, as the demand for Halal food increases. According to Aziz et al. (2015), the Halal industry has evolved into a new manufacturing sector, along with being the fastest growing global businesses worldwide. As increasing number of countries across the world accept the concept of Halal, the Halal food market is evolving, requiring a more stringent maintenance of Halal certification procedures (Sani & Dahlan, 2015). Alongside the certification procedures, there are also other trends which are happening in the Halal sector. Halal is relevant not just in the food industry today, but also in cosmetics, manufacturing, production and distribution of products and services such as banking and finance. According to Fathi, Zailani, Iranmanesh, & Kanapathy (2016), the increasing Muslim population across the world is likely to change the way in which economies operate and businesses work. The authors state that “globalization has highlighted the “halal” concept not only in Muslim territories but also in non-Muslim lands with respect to food and service certification, product delivery standardization, and so on”.

This paper aims to explore and review the studies available on the subject of current Halal trends worldwide.

Methodology

In this paper, we will review research studies which have been carried out on the subject of Halal and the recent developments that have taken place across the world in the Halal industry. Towards this end, search terms such as ‘Halal industry’, ‘latest trends’, ‘Halal food trends’ etc. were used in the Google Scholar search engine. The results of these searches were shortlisted as per the year of publication. For the purpose of this paper, only studies published post 2014 were used in order to correctly gauge the recent developments in the Halal industry.

Results and Discussion

In 2011, the PEW Research Center predicted that by 2030, the Muslim population globally will grow to 30% of the world's population (Viverita, Kusumastusti, & Rachmawati, 2017). Due to this population increase, in the future, the demand for Halal products will grow simultaneously. This mass-scale demand for Halal products and services is linked to many different points of interest such as the rise of Muslim social classes, social groups, trade unions, customers' organizations, business companies, international governments and transnational organizations (Papadopoulos *et al.*, 2008; Lever & Miele, 2012; Kearny, 2010 – as cited in Mahidin, Othman, & Saifudin, 2016). Studies have also shown that Halal standards are being demanded not just by Muslim customers, but also by non-Muslim consumers of products and services.

Keeping all this in mind, it can be safely stated that the Halal industry can be a game changer in any country's economy. According to the study by Aziz *et al.* (2015), Halal products and services have the potential to become a new sector which may help in any country's economic growth. With the number of practicing Muslims growing worldwide, Halal manufacturing sector as well as Halal marketing can definitely contribute significantly to any country's Gross Domestic Product (GDP), especially a Muslim nation such as Malaysia or Indonesia.

Benchmarking and Food Safety Measures

The term 'Halal' and food safety are almost synonymous. As per Madiawati & Pradana (2016), Halal certificate strengthens customers' confidence towards products, since the halal status is important for any country which is predominantly Muslim. In 2013, the size of the global halal food industry was estimated to be worth USD 1.292 billion. At that time, it was expected to grow to USD 2.537 billion by 2019 (Thomson Reuters, 2014 – as cited in Zailani, Kanapathy & Tieman, 2015). According to Fathi *et al.* (2016), both the need and the demand for halal have led to the increasing number of halal certification services in both Muslim and non-Muslim states. The authors go on to say that Halal is no longer restricted to religion. According to Rajgopal *et al.* (2011), today, Halal has become an indirect quality standard for everyone, including non-Muslims, because the Halal standardization emphasizes the unique quality of products (- as cited in Fathi *et al.*, 2016).

The HACCP was developed by the Pillsbury Corporation to the National Aeronautics and Space Administration (NASA) with an aim of ensuring food safety for the first manned space missions in the 1960s. After its success, the World Health Organization (WHO) issued the HACCP principles in Codex Alimentarius in 1963 with the aim to identify and eliminate any potential hazards in the processing of food to ensure both food safety and quality. It has been recommended that all food businesses adopt HACCP to ensure food safety (Sani & Dahlan, 2015). Similarly, the Good Manufacturing Practices (GMP), standards for plant facilities, maintenance, laboratory controls and any related facilities for prevention of errors or accidents with potential to harm consumers, has become a model for production and manufacturing quality system (Sani & Dahlan, 2015). Many countries worldwide require that in order to obtain a Halal certificate, food manufacturers submit plans which are in the form of either HACCP or GMP. For example, in Malaysia, in order to obtain a Halal certification, food manufacturers have to submit a food safety plan in the form of HACCP or GMP (Sani & Dahlan, 2015). According to Bohari, Hin & Fuad (2017), Malaysia is a leader in Halal food benchmarking. This study says that Malaysia has been named by the United Nations as the world's best example of benchmarking of *halal* food. In Malaysia, a single Halal standard is applied throughout the

country, due to which the Malaysian Halal standard has become the basis for the development of the Halal industry worldwide. According to the study by Fathi et al. (2016), in Malaysia, the Department of Islamic Development Malaysia (JAKIM), which is a government agency, has the Halal stipulation under its control. Regardless of laws, acts and rules governing Halal demands in Malaysia, the JAKIM plays a vital role in international activities through the Halal criteria it has introduced such as the MS1500:2009 (Tieman and van Nistelrooy, 2014 – as cited in Fathi et al., 2016). According to Mahidin, Othman, & Saifudin (2016), the MS2400:2010 (Part 1-3), were introduced mainly for the purpose of halal logistics.

In Indonesia, the Majelis Ulama Indonesia (MUI) issues the Halal certificate which states whether a product is in accordance with Shariah. This certificate is necessary for putting the label of 'Halal' on the packaging of a product. In Indonesia, the Halal certificate is valid for 2 years. In case of exported meat, the Halal certificate is provided for every shipment (Madiawati & Pradana, 2016).

New Industry

The Halal industry has become a new manufacturing sector in most nations such as Malaysia. It is also one of the fastest growing businesses across the world. Halal products and services sector has the potential to help in the economic growth of various countries (Aziz et al., 2015).

As per Hashim, Sharriff & Mohammad (2016), the Halal industry has emerged as a new, rapidly growing sector in the global economy; in fact, the Halal industry is among the fastest growing industries in the world. Countries such as Thailand, Brunei, the Philippines, Singapore, Korea, China and Australia have already embarked on the Halal market (as cited in Hashim, Sharriff & Mohammad, 2016).

According to Aziz et al. (2015), products which are permissible to Muslims, or Halal products, are produced by manufacturers who have to follow strict requirements, right from the preparation of ingredients to the packaging of these products. As per Aziz et al. (2015), the concept of Halal could be applied not just to the food industry but also to other industries such as cosmetics, manufacturing, processing, and distribution of products, clothes and services such as banking and finance.

Halal Supply Chain

According to Pahim et al. (2012), "the halal label on products does not necessarily mean the end of the halal process because the contamination may occur during delivery and storage, or at the point of sale" (-as cited in Fathi et al., 2016, pg. 2). Hence, only having a Halal label on the product doesn't mean that the consumers will be convinced of whether the product is fully halal as halal has also to do with the storage, delivery and sale of products.

According to Bonne & Verbeke (2008), due to Halal labels of some products being criticized, the industry has started demanding even more stringent Halal compliance strategies in relation to the supply chain process (-as cited in Fathi et al., 2016). Omar & Jaafar (2011) say that due to this, an increasing number of Muslims across the world have started asking for not just Halal products but also Halal processes (-as cited in Fathi et al., 2016). This has led to logistic companies introducing Halal Supply chain, which has been introduced to Malaysia as well as other regions around the world.

Omar and Jaafar (2011) have defined Halal supply chain as a combination of business activities, starting from the point of origin to the point of consumption, performed according to the Islamic

law or the Shariah (-as cited in Fathi et al., 2016). The goal behind the introduction of Halal supply chain is to give Muslim consumers both confidence and satisfaction that they are consuming Halal products every single time. The Halal supply chain is based, in its entirety, on Shariah. Hence, it is being promoted as a significant new approach with which consumers can confirm the integrity of Halal products when they consume these products (Fathi et al., 2016). As per Tieman (2011), Halal supply chain is an important step to assure the authenticity of Halal products (-as cited in Fathi et al., 2016).

As per the study by Fathi et al. (2016), the Halal supply chain includes activities such as Halal warehousing, Halal logistics, Halal transportation, Halal sourcing, and other Halal supply chain activities. The authors say that Halal logistics must go both upstream and downstream in the supply chain and include both transportation and storage or warehousing. Very often, due to scarcity of resources and pressures from core business lead to businesses outsourcing their logistics function to third-party logistics (3PL) service providers. In Malaysia, the capacity of these providers to meet the Halal standard shows how efficient they are in their logistics operations. These 3PL service providers have to meet certain prerequisites in the form of Halal control and assurance exercises. This ensures that the traditional supply chain can be completely avoided in the case of Halal products (Fathi et al., 2016).

According to Tieman (2013), Halal logistics include the procedure of managing the purchase, transferring, storing and controlling livestock, material components, and inventory of non-consumable and consumable products. Halal logistics are also related to relevant certification and data services in the supply chain (as cited in Fathi et al., 2016). According to Lodhi (2009), comprehensive Halal logistics have to be guaranteed at the initial stages of the supply chain. Logistics have to ensure that all Halal food has been kept away from non-Halal products until they have been delivered in their final stage (as cited in Fathi et al., 2016).

Meat Industry

With the Muslim population worldwide growing and with their purchasing power improving in regions such as the Asia-Pacific, the Halal food market today is a very lucrative opportunity for meat producers. The entry into this market is challenging due to the strict standards and requirements of Halal (Kabir, 2014). As a result of the growth in demand for Halal bovine meat post 2000, countries such as Brazil and India were able to avail of this opportunity by supplying almost 80% of the global demand (Kabir, 2014).

Halal Tourism

Islamic tourism or Halal tourism is a relatively new social phenomenon (Gabbrakhmanov, Biktimirov, Rozhko & Khafizova, 2016). Other authors such as Samori, Salleh & Khalid (2016) also state that Halal tourism is a new phenomenon which has emerged from the growth of the Halal industry. These authors say that many Muslim as well as non-Muslim countries are ready to capture the Muslim tourist market by providing people with tourism products, services, facilities and infrastructure which caters to their needs and complies with the principles of Islam.

According to Gabdrakhmanov et al. (2016), even though it doesn't have a specific definition, Halal tourism is a kind of tourism aimed at Muslims which provides an opportunity to the people to rest as per Islamic principles. This study says that in Halal tourism, hotels provide accommodation to Muslims, along with food and drinks that comply with all standards of Halal. Such hotels also have separate infrastructure and facilities for men and women, such as

swimming pools and isolated beaches. Halal resorts have prayer rooms, even mosques, and announce prayer times (Gabbrakhmanov et al., 2016). Such hotels and resorts also offer special excursion trips for tourists to places related to Islamic history. These tourists can choose to rest without music and are provided with properly organized entertainment, within the principles of Islam.

Post 9/11, with the West imposing strict rules on Muslims, the travel destination for these travelers has shifted to the East, specifically to Asia. One of the primary destinations in this regard is Malaysia. It is estimated that in 2012, 5.44 million Muslim tourists arrived in Malaysia, or approximately 21% of the total number of tourists that arrived in the country (Samori et al., 2016). As per Mohd Salleh, Othman, Mohd Noor, & Hasim (2010), the market for Muslim tourists in Malaysia has shown very high and sustained growth rate since 2001 (as cited in Samori et al., 2016).

Conclusion

This paper had aimed at reviewing the available research studies on the current trends in the Halal industry across the world, including the Halal food industry. As the paper progressed, it became clear that studies were available on the Halal industry in the world, these were limited and the ones which focused solely on current trends in the Halal industry were rare.

One of the implications of this study was that despite the growing demand for and the interest in Halal tourism, there is a scarcity of theoretical publications and research papers in this area. Hence, one of the recommendations of this paper to academia would be that this research gap be filled quickly as this is a recent trend which is showing signs of rapid growth in the future. Another recommendation from this study would be that the academia can carry out studies on the trends in the Halal industry as the industry is among the fastest growing industries in the world. These studies can also be carried out regularly as the industry is growing and evolving, and is even changing the way business is done globally.

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