

## The Creating of Halal Value Chains: A Theoretical Approach

Abdul Saidir Amir<sup>1</sup>, Waspodo TjibtoSubroto<sup>2</sup>

<sup>1</sup>(Graduate student of Universitas Negeri Surabaya, Indonesia)

<sup>2</sup>(Senior Lecture of Universitas Negeri Surabaya, Indonesia)

Corresponding Author: Abdul Saidir Amir

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**Abstract:** The purpose of this paper is to describe the chain of halal values on economic activities carried out by economic actors with a Porter theory approach with comparative studies of the countries of Malaysia, Thailand and Singapore which have halal standards, certification, accreditation and traceability from the Islamic Religious Council of Singapore (Muis), the Central Islamic Committee of Thailand (CICOT) and Malaysian Standard Halal Food (MS1500:2009) by JAKIM.

**Keywords:** Halal, Value, chain, Activities, Tayyibah

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### I. Introduction

#### 1.1 Mean of halal

"O people, eat what is lawful and good from what is on the earth, and do not follow the steps of shaitan, for indeed the devil is a real enemy to you." (Q.S. al-Baqarah: 168).[1]

Halal (Arabic: حلال *ḥalāl*, "permitted"), also hallal or halal spelled, refers to what is permissible or lawful in Islamic law. This is often applied to permitted foods and drinks. In the Qur'an, the word halal contrasts with haram (forbidden). In Islamic jurisprudence, this binary opposition is elaborated into a more complex classification known as five decisions: mandatory, recommended, neutral, despicable, and forbidden. Islamic jurists do not agree whether the term halal includes the first three or four categories.

Halal has now become a universal concept. Halal is a term exclusively used in Islam which means permitted or lawful. There are no parties that can claim the food is Halal without complying with Islamic Law. Halal and non-Halal covers all spectrums of Muslim life, not limited to foods and drinks only, but also for safety, animal welfare, social justice and sustainable environment. Halal and order which means clean and wholesome portray the symbol of intolerance to hygiene, safety and quality of food that Muslims consumed.

The global halal economy that reaches new heights, from fashion and travel to food and unstoppable finance has even become a lifestyle for Muslims in the earth, the global halal industry is the opportunity of companies and countries in order to improve the economy and welfare of its citizens in order to achieve prosperity and program occupancy economy which is an integrated unit with which are interconnected and need each other between one another which cannot be separated.

#### 1.2. The Concept of Halalan and Tayyiban.

The word halal and tayyib have been mentioned repetitively in the holy Qur'an. However, it's understanding, by many Muslims is shallow to say the least. Many understood that food is halal as long as it does not contain pork or liquor. The word halal in Arabic means something that is permissible (Ibrahim Mustafa et al. 1989). From the perspective of Islamic Jurisprudence (Fiqh), the word means a choice that is allowed by the Islamic law. That is one choice either to do or not to do it. In another word, it is synonym with another Arabic word: "change" (Sanu, 2000). The opposite is haram which means totally not allowed or forbidden. According to the fundamental of Islamic Jurisprudence (UsulFiqh) it is defined as something that must be avoided according to the Islamic law (Ibn Abd al-Barr, 2000). Both terms are part of the principles of Fiqh. There may be changes according to place, time and situation. However, each difference must be based on the due process of ijtihad (decision making process). Based on the language definition, the word song has been traditionally translated as pure (Ibn Rajab, 1980), good and superb. The opposite of it is "khabith" which means something that is not good, not perfect, bad, rotten and bring harms (Asis&Sukran, 2015). The principle of halalan and tayyibah on food is food that is not only permitted to be consumed but more than that which has more value such as the principle of benefit because it is nutritious. This principle has been practiced openly and

with full awareness by Sabasun. Although incurring loss and with reduced profit at the beginning but in the end, Sabasun management has managed to break even and made profit by focusing on existing products and continuously become the customers focal point.[2]

### **1.3 The global halal industry**

The halal economy is booming and with good reason. The Muslim world today is 1.7 billion people today and that number is double the global population. as a result, the latest Global Islamic Economic Report states that the food sector and lifestyle products can grow at a rate of 11 percent per year until 2019, to reach a total market value of \$ 3.7 trillion. the main growth driving force of Muslims in lifestyle, however, there is a wider change in consumer demand with generations and generations that are higher than them. This encourages higher penetration of 'halal' products and services in Muslim spending. the opportunity is very broad. The Islamic financial market alone is estimated to be worth \$ 1.814 trillion in 2014 and could increase to \$ 3.247 trillion by 2020. Similarly, information on consumer spending on halal food, travel and fashion - is expected to grow from \$ 1.8 trillion in 2014 to \$ 2.6 trillion by 2020, according to GIER 2015 / 2016. Muslims are estimated to have spent \$ 244 billion in the year global, report published by Salaam Gateway in Dubai.[3]

The global halal industry is estimated to be worth around USD2.3 trillion (excluding Islamic finance). Growing at an estimated annual rate of 20%, the industry is valued at about USD560 billion a year. Thus, making it one of the fastest growing consumer segments in the world. The global halal market of 1.8 billion Muslims is no longer confined to food and food related products. The halal industry has now expanded beyond the food sector to include pharmaceuticals, cosmetics, health products, toiletries and medical devices as well as service sector components such as logistics, marketing, print and electronic media, packaging, branding, and financing.[4]

The global Muslim population is expected to grow by about 35% over the next 20 years, rising from 1.6 billion in 2010 to 2.2 billion by 2030. By 2050, the Muslim population could grow to 2.6 billion representing nearly 30% of the projected global population. By 2030, Muslim population is expected to spread to 79 countries, rising from the current figure of 72 countries. The majority of the world's Muslims (more than 60%) continue to live in the Asia Pacific region, while almost Halal-Chain White Paper 6 20% live in the Middle East and North Africa. Elsewhere, the Muslim population in Europe and the Americas is expected to grow at a slower rate, but still constitutes a rising share of the total population in their regions.

### **1.4 Porter's Value Chain theory**

The idea of the value chain is based on the process view of organisations, the idea of seeing a manufacturing (or service) organisation as a system, made up of subsystems each with inputs, transformation processes and outputs. Inputs, transformation processes, and outputs involve the acquisition and consumption of resources - money, labour, materials, equipment, buildings, land, administration and management. How value chain activities are carried out determines costs and affects profits. Most organisations engage in hundreds, even thousands, of activities in the process of converting inputs to outputs.[5]

## **II. Literature Review**

### **2.1. Review of research results**

Halal has now become a universal concept. Halal is a term exclusively used in Islam which means permitted or lawful. There are no parties which can claim the food is Halal without complying with Islamic Law. Halal and non-Halal covers all spectrums of Muslim life, not limited to foods and drinks only, but also for safety, animal welfare, social justice and sustainable environment. Halal and Toyyiban which means clean and wholesome portray the symbol of intolerance to hygiene, safety and quality of food that Muslims consumed.[6]

Halal logistics are The need to implement halal value creation into logistics and supply chains has been recognised recently. Yet, there is a lack of efforts to leverage resources and capabilities in contributing to the halal value creation for competitive advantage and subsequently firm performance. A structure interview of seven third-party logistics (3PL) providers is conducted to provide more precise perception about works by viewing with the lens prescribed by practitioners rather than reviews. The results draw the novel practices of halal value creation in logistics, that have not been revealed and further identifies five emerging resources of 'resource-based halal logistics'. These create innovation capability (ability to launch successful halal goods/services) in logistics services, which are transformed into benefits of profits for 3PLs and value for customers.[7]

From the results of research conducted by Hernawan in 2017, it aims to describe the level of understanding of Semarang's teenagers about halal labels in a product, whether it is food, beverages or cosmetics. This research was conducted using questionnaires and structured interviews in data collection. Indicators used in data collection are the understanding of halal products, various halal products, indicators in

product purchasing decisions and general indicators that are considered by teenagers. The sample used in this study were 102 respondents with data retrieval method, namely purposive sampling. The results of this study indicate that there are 42% of respondents still do not understand the full definition of halal products, but as much as 78% of respondents are able to mention various halal products and 81% understand halal labels as indicators in product purchasing decisions. Furthermore, as much as 84% of respondents understand what is a general indicator that is considered in buying a product.[8]

Research done by Golnaz, Zainalabidin and Mad Nasir (2012) showed that at least 79 percent of non-Muslim consumers are aware of the existence of Halal principles and admitted that their awareness of Halal principles had improved a lot via advertisements. In the same study, 40 percent of the respondents really understood the Halal principle concept. According to Robin (2004), lack of knowledge, awareness and understanding of the Halal concept among Muslims and the manufacturers of Halal products may cause the loss of appreciation to Halal. In fact the holy Quran addressed all human beings and not just Muslim to search for Halal and it is for their own benefit. One should understand that Halal food requires that it is prepared in the most hygienic manner that meets international food safety standards and should not be viewed as offensive to any religious belief. The basic issue in Halal food production is cleanliness, free from 'contamination' and healthy food as defined in the Quran.[9]

MohdRoslanMohd Nor and Kashif Latif from, Academy of Islamic Studies, University of Malaya, Kuala Lumpur, in their abstract says: Societal Marketing and the Halal Supply Chain prevailing in organizations concept is practical shape by delivering value and societal value chain in a complete supply chain, taking care of consumers and society's long term interests simultaneously meeting company requirements. For this study, 389 questionnaires were sent to different groups which were sent to Halal Food Manufacturers operating in Malaysia who were involved in a whole supply chain of Halal Food. For this study, data were gathered and analyzed which depicted Halal Purchasing, Halal Food Quality and Hygiene, Halal Warehousing, Halal Logistics have positive effects and impact on Halal Supply Chain Management. This study implicates the giving of a social value chain at the same time reaping economic benefits for Malaysian Halal food manufacturers by making all the value chains according to Shariah compliance having better quality food and hygiene for all humanity. Above depicted factors plays a significant role for Halal supply chain management. This topic is less empirically addressed, so the current analysis will contribute to developing the understanding on significant issue.[10]

## **2.2 Halal Certification System in Malaysia**

In Malaysia, the Halal certification and logo are issued by a body that is authorised by the Malaysian government. The government controls the system with support from multi-agencies that lead by Department of Islamic Development Malaysia (JAKIM). JAKIM is a body that plays a significant role in Halal certification efforts in Malaysia. Since 1994 until 2008, JAKIM is an authorise body to handle the certification process (JAKIM, 2008). Besides, the State Islamic Religious Department (JAIN) and State Islamic Religious Council (MAIN) have the authority to issue the Halal certificates and logos for domestic market (JAKIM, 2008). The Halal certification is issued according to three categories of application. The three categories are 1) Product/ Consumer Good, 2) Food Premise and 3) Slaughter House/ Abattoir. Additionally, the premise inspection in terms of the product processing, handling, storage, equipment and distribution is mandatory procedure before the Halal certificate is approved. The Halal certification will be issued if this basic principle and procedure are complied and revoked if not complied.

To date, JAKIM is no longer responsible for issuing the Halal certification. In April 2008, the government has appointed Halal Industry Development Corporation (HDC) as a body to handle local and international Halal certification process (HDC Vibe, 2008). HDC is a private company wholly- owned by the Malaysian government. It was established in 2006 to facilitate the Malaysian's Halal hub project. According to Bernama (2008), quoting Datuk Dr Ahmad Zahid Hamidi the Minister in the Prime Minister's Department, stated that the transformation from JAKIM to Halal Industry Development Corporation (HDC) was to help better coordination, to increase the efficiency of the Halal certification processes and to avoid international confusion. This would help position Malaysia as a global Halal hub center by 2010. According to Ahmad Sahrul (2008), until October 15, HDC had successfully certified 637 companies which 627 was local companies and 10 for international companies.

The Malaysian Standard Halal Food (MS1500:2004) has been cited by Codex Alimentarius Commission as the best example in the world in terms of justification of Halal food. As Malaysia is positioning itself to be the Halal food hub center by 2010, Malaysia needs to act fast to strengthen the Halal certification services. The Malaysia government has appointed the Halal Industry Development Corporation (HDC) as a body to handle local and international Halal certification process. Due to the rapid growth of the Halal industry, it is important to research on the Halal certification because the Halal certificates and logos are the important elements in gaining global market shares and retaining consumers.

The objectives of this study are to (1) provide an understanding of Halal certification system in Malaysia and (2) highlight issues on the Halal certification process from a value chain analysis perspective. The study adapted a value chain analysis approach to determine the Halal certification process, the actors, information of Halal and so forth. In this value chain analysis, semi-structured interview and document review are conducted. The open-ended questions such as how, what, when, where, and why are used in this study. The interview involved three experts in the Halal certification process. The three persons were considered expert in the Halal certification process as they were credible and have been given authority by the Malaysian government. The documents such as Halal Manual Procedures, Malaysian Standard Halal Food (MS1500:2004), magazines and newspapers articles, journals and so forth are the prime sources in this study.

The results of this study reveal (1) the related agencies and acts of Halal certification system, (2) the current state of Halal Certification and (3) the issues of Halal certification system in Malaysia. The first issue of Halal certification system in Malaysia is inefficiency of Halal certification process. Second issue is conflict of authority and governance between federal government and state government. The findings are important in developing Halal Ecosystem and also provide motivation for researcher to resolve the issues by providing more focus in niche area.[11]

The Malaysian Standard Department (Standards Malaysia) is a national standard and Malaysian accreditation body. The main function of Standar Malaysia is to foster and promote standards, standardization and accreditation as a means of advancing the national economy, promoting efficiency and industrial development, benefiting the health and safety of the community, protecting consumers, facilitating domestic and international trade and advancing international cooperation in relation to international standards and standardization and now Malaysia has MS 1500: 2009 concerning Halal food - Production, preparation, handling and storage - General guidelines, revised edition of MS 1500: 2004.

### 2.3 Halal Certification and Logo in Singapore and Thailand

The basic principles of Halal certification are Halal (permissible) and Thoyyibban (wholesome) taken from Al-Quran, verse 168 Surah Al-Baqarah. Halal is an Arabic word which means allowed or permitted according to shariah (Islamic) law (Lokman, 2001; Shaikh Mohd, 2006). On the other hand, Thoyyibban means good quality, safety, cleanliness, nutritious and authentic (Shaikh Mohd, 2006, Mariam, 2006). Halal and Thoyyibban themselves, portray the symbol of intolerance in the hygiene, safety and quality. The Halal certification is issued based on the basic principles and procedures that the products must be good, safe and fit to consume. Singapore, Thailand and Indonesia are among the countries that have their own Halal certification body. For instance, Mohamad Sadek (2006) stated that Singapore started their Halal certification services in 1972 that managed by Majlis Ulama Islam Singapura (MUIS). MUIS is responsible in European and Mediterranean Conference on Information Systems 2009 (EMCIS2009) July 13-14 2009, Crowne Plaza Hotel, Izmir NurulhudaNoordin et al. Value Chain of Halal Certification System: A Case of the Malaysia Halal Industry 3 regulatory function in Halal certification. Mohamad Sadek (2006) also identified three government agencies that collaborate with MUIS in Halal certification and enforcement, namely Food Control Department, Ministry of Environment; Agro-Veterinary Authority, Ministry of National Department and Commercial Crime Department, Ministry of Home Affairs. Further, according to HDC, source from Halal Standard Institute of Thailand, the Central Islamic Committee of Thailand is responsible for Halal certification of slaughtering houses, process food and services. This Committee, in cooperation with the Thai government producing Halal food standard and issuance the Halal symbols. The Halal certificates and logos are issued by the Committee that complied with the Islamic requirements

### 2.4 Review construct and Descriptions of halal

Construct	Descriptions	Author(s) / Websites
Halal Constituent	Manual Procedure of Halal Certification Malaysia	Department of Islamic Development Malaysia (JAKIM) (2005)
	Malaysian Standard Halal Food – Production, Preparation, Handling and Storage	Malaysian Standard Department (2004)
	MS1500:2004 A Testament of Excellence	Remi Yahya-Ishmael (2005a)
	tatus and Power.	<a href="http://www.malaysiamonarchy.org.my/portal_bi/rk2/rk2.php">http://www.malaysiamonarchy.org.my/portal_bi/rk2/rk2.php</a> [Online]
Halal Certification Tools	Halal Gadget	YaakobChe Man (2005)
	Modelling the manufacturers Self evaluation Support System for Halal Certification	Khairil, A.Y., Mardziah, H. and Nor Laila, M.N.(2006)
Halal Marketing	Halal Integrity and Industry Development: The Global Outlook	Jamil Bidin (2008)
	Visibility of Halal Supply Chains	Marco Tieman (2007)
	Halal Perspectives Understanding the Muslim Market	Abdhamid Evans (2005a)
	A Global Product in a Global Market	ZarinaNalla, ShareemAmry and Remi Yahya-ishmael

		(2005)
	All Geared Up for Halal Hubs	HayatiHayatudin (2004)
	Muslims and the Halal Standard	Zulkefli Mohamad (2005)
	The Halal Agenda	HayatiHayatudin (2005a)
	Malaysia's 2006 Budget Allocates More For Developments Important to the Halal Industry	Juana Jaafar (2005)
	Signposts	AbdalHamid Evans (2006)
	European Retailer Go Halal)	KamarulAznamKamaruzaman (2006a)
Halal Process	Pensijilan Halal	Mariam Abd Latif (2008)
	Halal Animal Feed: The Beginning of the Halal Process	HayatiHayatudin (2005b)
	Halal Industry within Islamic Principles: A Shari'ah Perspective on Halal and Haram Part 1. Understanding the Parameters of Halal and Haram.	Mohammad HashimKamali (2008a)
	From Halal to Haram	MarcoTieman (2006)
	Harmonising Halal	Ahmad Robin Wahab (2004)
	Halal A Market in the Making	Hayatudin (2005c)
	Halal Organic the Next Wave?	AbdalHamid Evans (2005b)
	Halal, Kosher and the USA	KamarulAznamKamaruzaman (2006b)
	Port of Rotterdam's Halal Venture	JumaatunAzmi (2006)
	Quality Assurance in Halal Food Manufacturing in Malaysia: A Preliminary Study	Hayati, A.T., KhairulAnuar, M.A. and KhairurRijal, J. (2008).
	Get Certified	Che Hassan PahmiCheMamat (2005)
Halal Issues	Current Issues on Halal Food	Mariam Abd Latif (2006)
	Food and Technological Progress an Islamic Perspective	Shaikh Mohd, S.M.S. and Azrina, S. (2006)
	Halal Products Consumerism, Technology and Procedures	Lokman, A.R. (2001)
	Community Participation and Empowerment: An Approach for JAKIM Halal Verification and Feedback Mechanism	Ahmad Hishamuddin. (2007)
	Muslims' Awareness of Halal in the Age of Globalisation	Irfan Sungkar (2008a)
	The Rising Importance of the Food Service Sector	Irfan Sungkar (2008b)
	Marketing of Halal Products The Way Forward	Saad Al-Harran & Patrick Low (2008)
Halal Agency	Halal certification body and Halal Authority in Malaysia.	HDC websites: <a href="http://www.hdcglobal.com">http://www.hdcglobal.com</a> JAKIM website: <a href="http://www.jakim.gov.my">http://www.jakim.gov.my</a> Ministry of Domestic Trade and Consumer Affairs (KPDNHEP) website: <a href="http://www.kpdnhep.gov.my">http://www.kpdnhep.gov.my</a> Ministry of Health (MOH) website: <a href="http://www.moh.gov.my">http://www.moh.gov.my</a> Ministry of International Trade and Industry (MITI) website: <a href="http://www.miti.gov.my">http://www.miti.gov.my</a>
	Understanding the Department of Veterinary Services, Malaysia.	JumaatunAzmi (2005).
	FOA Cultivating a New Farming Culture	Remi Yahya-Ishmael (2005b)

Figure 2.4.1.Review Halal (Nurulhuda&Nurlaila, 2009)

## 2.5 Value Chains of Potter's Theory

Table 2.5.1figure potter's value chains



Michael Porter's value chain

### Primary Activities

- **Inbound logistics** involve receiving and storing raw materials and their usage in manufacturing as the necessity arises.
- **Operations** relate to the processes of transforming raw materials into finished goods. For businesses operating in services sector operations relate to the process of providing the service.
- **Outbound logistics** is associated with warehousing and distribution of finished products.

- **Marketing and sales** refer to the choice and implementation of marketing strategy to communicate the marketing message to the target customer segment and generation of sales.
- **Service** relates to support provided to customers after the sale.

**Support Activities**

- **Infrastructure** of a company comprises its organizational structure, its departments and committees, organizational culture etc.
- **Human Resource Management** involve a wide range of activities related to employee recruitment and selection, training and development, appraisals, motivation and compensation.
- **Technology development** involves the use of technology to increase the effectiveness of primary activities in terms of value creation.
- **Procurement** relates to the purchasing practices of raw materials, tools and equipment. [5]

**2.5.2 Figure (Halal) Primary activities**

Activities	Value adding strategies	Costleadership	Differen-tiation
Inbound logistics	Economies of scale	Relevant	Relevant
	Just-in-Time supply chain management	Relevant	Relevant
	Development of strategic relationships with suppliers	–	Relevant
Operations	Sophisticated operational systems	Relevant	Relevant
	Benefiting from technological innovations	Relevant	Relevant
	Use of the most advanced technologies to increase the quality	–	Relevant
	Locating operations units in developing countries	Relevant	Relevant
Outbound logistics	Delivering to consumers directly without intermediaries	Relevant	Relevant
	Cooperation with other businesses to share distribution costs	Relevant	–
	Extensive integration of information and communication technologies	Relevant	Relevant
marketing & sales	Effective utilization of social media and viral marketing	Relevant	Relevant
	Sophisticated online sales system	Relevant	Relevant
	Direct marketing to save costs	Relevant	
Service	Superior customer services	–	Relevant
	Efficient product return and refund practices	–	Relevant
	Follow-up by the company after the sales	–	Relevant

Michael Porter's (halal) value chain [5]

**2.5.3 (Halal) Support activities**

Activities	Value adding strategies	Cost leadership	Differen-tiation
Firm infrastructure	Flat organizational structure	Relevant	Relevant
	Innovative organizational culture	Relevant	Relevant
	Advanced quality control system	–	Relevant
Human resources management	application of intangible employee motivation tools	Relevant	Relevant
	Extensive employee support and development programs	–	Relevant
	Attracting highly qualified and competent employees for all levels	–	Relevant
	Reducing operational expenses via paying minimum wages	Relevant	Relevant
Technology development	Effective integration of technology into a wide range of organizational processes and procedures	Relevant	Relevant
	Breakthroughs via investments in new technology development	–	Relevant
	Sharing of technology with other firms to save costs	Relevant	–
Procurement	Procurement of unique inputs	–	Relevant
	Negotiating the cheapest price	Relevant	–
	Gaining cost advantage due to high volume	Relevant	Relevant

Michael Porter's (halal) value chain [5]

### III. Methodology

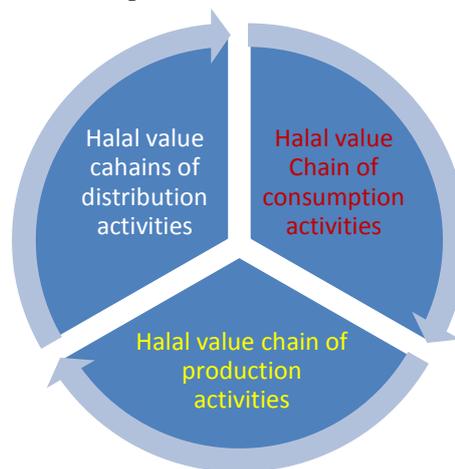
#### 3.1 . Methodology kuantitatif approach trough library research in malaysia

Malaysia introduces new standards for halal medicines to strengthen integrity in producing and serving medicines and health supplements "Malaysian Standard MS2424: 2010 (F): General Guidelines for Halal Pharmacy" discussing the entire supply chain of the pharmaceutical industry from processing to handling, packaging , labeling, distribution, storage and display of medicines and health supplements. Profile and preferences of consumers

- 87% of people aged 15 years and over use the internet at least once per day
- Muslim consumers spend an average of 14% of their food budget on meat
- 60% of halal meat is imported from India, Australia and New Zealand.
- Halal cosmetic accounts for 10% - 20% of the local cosmetic market o This is far lower than the percentage of the Muslim population (63%) o This may reflect that cosmetics are not inherently Haram, and therefore Muslims also buy cosmetics labeled not - lawful. (rather than reflecting lower purchasing power)
- Pressure on consumers has led to a shift towards cheaper private label products<sup>159</sup>
- Grow personal label choices (though still relatively small)
- Higher customers move from deal hunters to smart buyers
- There is an increasing prevalence of convenient packaging food products designed for consumption both inside and outside the home o Increase demand for one Serving portions / food

#### 3.2. Creation halal value chains in activities economics

Figure 3.2 1. Halal value chain



Asa's theory: halal value chain

Description of the figure :

- a. The halal value chain of production activities is defined as a condition regarding space and time about all activities producing goods or services that have halal value, as well as activities that add value or usability of existing goods to a higher value both in terms of material and moral (halal). Included in this cluster are the state, Private and the IT Network that includes domestic relations and foreign relations, especially economic activities of Islam and international Islamic finance, and most importantly, halalantyyibah certification for all institutions producing good services as well as producers of goods from the respective clerical assemblies.
- b. Clusters The halal value chain of distribution activities is defined as conditions involving space and time about all activities resulting in the transfer / migration of goods or services that have halal value, as well as activities that maintain the value or usefulness of existing goods to be more stable in terms of material and moral (halal). Cluster distribution activities are countries, Private and IT networks or industries that cover domestic relations and foreign relations, especially economic activities of Islam and international Islamic finance, and most importantly, halalantyyibah certification for all good distribution institutions services and distribution of goods from the respective council of scholars
- c. Clusters The halal value chain of consumption activities is defined as a condition regarding space and time about all activities spending or using the value of goods or services that have halal value, as well as activities that utilize the value or usefulness of existing goods to be more beneficial to human needs in terms of material and moral (halal). Cluster distribution activities are the state, Private and the IT or industry network and even the ummah as a whole which includes domestic relations and foreign relations, especially economic activities of Islam and international Islamic finance, and the most important thing is

the halalantayyibah certification towards all consumer institutions, both services and consumers of goods from the respective ulama assemblies of each country

IV. Result and Analysis

Table 4.1: Descriptive Statistics

Halal	N	Minimum	Maximum	Mean	Std. Deviation
Halal Purchasing	257	1.43	4.92	3.6335	.90453
Halal Food Quality and Hygiene					
Halal Warehousing	257	1.39	4.75	3.6525	.93569
Halal Logistics	257	1.29	4.69	3.5832	.98328
Halal Supply Chain Management	257	1.47	4.78	3.6535	.95586
Valid N (listwise)	257				

(Roslan&Kashif, 2016)

Table 4.1 illustrating descriptive statistics that show the overall picture of all the five variables. There were scales of 5 responses that direct to the options (strongly disagree, disagree, neutral, agree, and strongly agree). Number of annotations of each variable is 257. In the above table the mean values and the values of standard deviation of all the 5 variables had been mentioned. Mean value give the idea about the central tendency of the values of a variable. The mean value of the variables Halal Purchasing, Halal Food Quality and Hygiene, Halal Warehousing, Halal Logistics, Halal Supply Chain Management are 3.63, 3.46, 3.65, 3.58 and 3.65 respectively as an independent variable that characterizes positive Halal Supply Chain Management relations. If we scrutinize that all the variable the average response rate of respondent lie within the option 3-4 (3 is for neutral and 4 is for agree). The minimum option that is selected by respondent is 1 and the maximum option that is selected by respondent is 5. Standard deviation confers the idea about the dispersion of the values of a variable from its mean value. So, if we examine then in the response rate for the variable of Halal Purchasing has value of standard deviation (S.D. .904) which is the lowest value as contrast to other variable values. Which is showing that most of the respondent answers were same for the variable of Halal Purchasing and have uniformity in their response rate but if we examine then for Halal Logistics the value of standard deviation is (S.D. .983). Which is quite high as contrast to other variables which clearly showed that the response regarding Halal Logistics of most respondents were not the same and they don't have consistency in their answers. [10]

In the Malaysian halal scenario, JAKIM assumes a de facto role of supervising halal governance while remaining involved in operations relating to the issuance of halal certificates, especially for export markets along with other halal authorization bodies consisting of independent state and halal authorization bodies. From data analysis, the current emphasis of halal governance is on compliance with sharia law and industrial regulations, but ignores the emphasis on external factors of market forces and competition and internal factors of business strategy and corporate culture. The proposed governance structure suggests the role of the halal certification coordinator who takes the role of overseeing halal governance and does not involve direct operations of the issuance of halal certificates. Other halal certification authorities may exist as public halal authorization bodies at the federal or state level. Along with the growth of the halal industry, the existence of a private halal authorization body must not be ignored because they can also help improve the operational efficiency of halal certification which can help drive the halal industry. However, the halal certification coordinator must play their role strictly because it does not allow substandard halal certification practices that are not in accordance with sharia law and industry standards.

From the analysis, a description of the halal ecosystem is produced and shown in Appendix A. The holistic approach was undertaken to visualize the components, the process of the halal certification, the actors in the certification process and their related agencies and the regulations within the halal ecosystem. The essential component of the halal ecosystem is a halal certification process. In general the halal certification process consists of a) receiving halal application form and supporting documents, b) checking and verifying the application form and supporting documents, c) conduct premise inspection, d) approval or rejection of the application, e) issuing halal certificate and f) monitoring the certified company. Each process is managed by the specific individual or a team who have their own roles and responsibilities in managing the respective process. The main stakeholders of the halal certification process are the halal applicant, halal certification officers, administrative officers and halal certification panels.

## V. Conclusion and Recommendation

### 5.1 Conclusion

1. The halal value chain of economic and financial activities especially in the Islamic community is a set of values that are not only good and noble in the eyes of humans but also a form of self-service to Allah through the creation of halal value chains starting from the uninterrupted production, distribution and consumption processes but is a series that is intact and becomes the cycle of Islamic economics and Islamic finance.
2. Halal value chain theory in Islamic economics and finance is a theory that not only adopts humanitarian values but also makes the effort of every economic activity not free and value free as a form of devotion to Allah SWT through every Islamic financial and economic activity

### 5.1 Recommendation

1. Recommendations to the authority holders (ulama) and their institutions regarding halal certification so that it will seriously make every effort and endeavor that with the ease of obtaining certification as a standard of halal every economic activity is better established
2. as a beginner, for senior researchers so that in research and writing better research results if it is better to prioritize aspects of education, especially to the younger generation of Islam to be more enthusiastic in studying socio-economic and religious problems

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