1. Introduction

Halal is derived from the Arabic words ‘halla’, ‘yahilla’, ‘hillan’ and ‘wahalalan’ which mean allowed or permitted according to Shariah law. Meanwhile, the definition of Halal according to Trade Descriptions (Definition of Halal) Order 2011 and Trade Descriptions (Definition of Halal) (Amendment) Order 2012 are:

i. When a food or item is described as Halal or explained in another expression to indicate that the food or item can be eaten or used by a Muslim, the expression means that the food or item is:
   - Does not contain or consist of or contain parts of animals that are prohibited by Shariah law for a Muslim to eat or that have not been slaughtered in accordance with Shariah law and Fatwas;
   - Does not contain faeces according to Shariah law and Fatwa;
   - Not intoxicated according to Shariah law and Fatwa;
   - Does not contain human parts or results that are not permitted by Shariah law and Fatwa;
   - Not toxic or harmful to health;
   - Has not been prepared, processed or made using any tool contaminated with faeces in accordance with Shariah law and Fatwa; and
   - Not in the process of preparation, processing or storage in contact with, mixing, or in close proximity to any food that does not comply with paragraphs (a) and (b).

ii. When a service related to food or goods is described in another expression to indicate that the service can be used by a Muslim, such an expression means that the service related to food or goods is performed in accordance with Shariah law.

In ensuring that a good or service is Halal according to Shariah law, the implementation of a Halal auditing process is required. In this regard, the appointed Halal auditors are responsible for ensuring that the goods or services they assess comply with current Shariah laws and Fatwas so that the Halal status of the goods or services can be verified (JAKIM, 2014). The verification of Halal status covers the entire supply chain that functions based on Shariah law, such as from farm to fork (Tieman et al., 2012).

Halal industry in Malaysia is centralized at the Federal scope, with Jabatan Kemajuan Islam Malaysia (JAKIM) leading the role of the monitoring and supervision. Although JAKIM is recognised as the pioneer in the Halal industry, issues arising in the Halal industry challenge the regulators on the effectiveness of the current Halal assurances especially in controlling and monitoring the industry and ensuring the Halal status of the products and services. Thus, the aims of this study is to examine the needs of external Halal auditing as to support the existing internal Halal auditing process to give better assurances in the Halal industry in Malaysia.

2. Methods

The current Halal auditing process covers two categories, namely: (i) the Halal auditing process for the purpose of Halal certification application; and (ii) the internal Halal auditing process. For the Halal auditing process for the purpose of Halal certification application, it is implemented by JAKIM, while for the internal Halal auditing process, it is implemented by companies that have Halal certification according to the Halal Assurance Management System (HAMS) guidelines issued by JAKIM.

However, there are still many issues related to the Halal status of a product or service even though the current Halal auditing processes have been done. This is because there is an increase in awareness among consumers especially Muslims on the doubts and questions of the materials used in goods and services (Nasaruddin et al., 2012). In addition, consumers' knowledge of Halal goods and services is also limited when they fail to understand that if a Halal goods and services are produced in unsuitable and unclean conditions, then the goods and services are no longer Halal (Soong, 2011).
There are also issues such as the misuse of the Halal logo by some manufacturers of goods and services for the sole purpose of gaining the confidence of Muslim consumers (Salam & Othman, 2014; Zakaria, 2008). For example, the issue where noodle and vermicelli-based products use fake Halal logos (Bernama, 2014), the issue of Halal status for Ah Cheng Laksa products where Halal certification is only obtained for the central kitchen of the premises and not for the entire network of premises (Husain, 2019) and also the issue where a food processing plant still uses the Halal logo even though the Halal certification has been revoked (Ya’hya, 2020; Majid et al., 2015).

There is also the issue of concern among the community about the Halal status of some goods and services even though the products have been certified halal by JAKIM. For example, the Halal status of chicken sold by hypermarkets in Malaysia has been disputed for its Halal status based on doubts in the slaughter method (Mohd Hussain, 2014), the Halal status of Cadbury chocolate even though it has been certified Halal by JAKIM (Astro Awani, 2014) and also the Halal status of chocolate ‘eyeglass with candy’ even though there is a Halal logo on the product (Abd Mutalib, 2017).

In addition, there is also the issue of disseminating inaccurate information on the Halal status of some goods and services with the aim of boycotting the product. For example, factual errors or attempts to sabotage Muslim products, but are said to be illegal. In this case, there are complaints among Bumiputera entrepreneurs who obtain the JAKIM Halal certificate but are said to be not Halal. While on the other hand, what is the status of non-Muslim products but have complied with the procedures and obtained Halal certification (Sulaiman, 2019).

Moreover, weaknesses in the enforcement of Halal goods and services by hypermarkets are the cause of dumping of imported products that are not Halal or that have a Halal logo that is not recognized by JAKIM, sold together with other products bearing the JAKIM Halal logo (Parzi, 2019). This management weakness also saw a large number of Halal certificates revoked due to non-compliance by manufacturers of goods and services with the Malaysian Halal Certification Procedures Manual, especially from the aspect of hygiene. Examples are the case of Secret Recipe (Ibrahim, 2015), the case of a chicken processing premise (Tanzizi, 2017) and the case of a seafood processing premise (Tanzizi, 2019).

While there are rules and regulations as well as enforcement imposed by the government on the industry, these main issues along with other new issues occur every year. Current issue on fake Halal meat issue in Malaysia, which was priory claimed began in the past 40 years ago is a significant example on how the reputation of Halal industry is put in risks due to non-compliance (Kamaruddin, 2020). The current Halal meat issue puts an anger among the public who have high trusts on Malaysian Halal certification and logo.

Based on the above problems, the weakness in terms of operational inefficiency involves both parties, namely the producers of goods and services and also the authority, namely JAKIM. Among the problems faced by the manufacturers are due to lack of understanding of Halal procedures, incomplete documents, falsification of certification fees and lack of understanding of the information that needs to be sent to JAKIM. Meanwhile, the problems faced by JAKIM are such as lack of manpower that affects the slow process of Halal certification and auditing, unsystematic filing system, inspection of premises that requires more than one day and delays in receiving laboratory test results (Majid et al., 2015).

In addition, the main challenges faced are due to weaknesses in enforcement to monitor the process of preparation of Halal goods and services on a regular basis as well as the use of fake Halal certificates among manufacturers of goods and services (Noor & Nordin, 2016; Shafie & Othman, 2006). This caused a state of panic and uncertainty among the community. This is because the use of the JAKIM Halal logo solely on certain goods and services is not enough to convince consumers of the Halal status of the goods (Mohamed et al., 2008; Ahmad, 2007).

Thus, the question arises as to the extent to which the existing Halal auditing process is able to overcome current Halal issues. This in turn brings the next question about the need for the implementation of external Halal auditing process (Matulidia et al., 2016), to complement the existing Halal auditing process in solving this problem.

Based on the problems and objectives of the study that have been identified, the following are the proposed research methodologies, namely: (i) general questionnaire; (ii) expert group interviews; and (iii) content analysis. The description of the research design is as follows:

First, to identify the efficiency and effectiveness of the existing Halal auditing process as well as to identify the implications of the implementation of the external Halal auditing process, a general questionnaire will be conducted involving about 1,000 people comprising manufacturers of Halal goods and services (individuals and corporates) and consumers in Malaysia. To ensure the reliability of the study findings, the selection of respondents for the general questionnaire was independent/random.

Second, to recommend the strengthening of the Halal auditing process through the implementation of external Halal auditing, expert group interviews will be conducted involving stakeholders in Halal auditing such as representatives of the Division JAKIM Halal Hub, representatives of manufacturers of Halal goods and services (individuals and corporates), representatives of Halal executives, representatives of auditing firms and representatives of consumer associations in Malaysia.

Third, to propose a model of Halal assurance management best practices in Malaysia, content analysis will be implemented. Apart from making a comparative analysis of the practice of Halal auditing process in other countries, this analysis will also take into account the findings of information from general questionnaires and expert group interviews conducted.
3. Results and Discussion

Based on the study that will be conducted, the following is a list of expected research results:

i. Evaluation instruments as well as findings on the efficiency and effectiveness of the current Halal auditing process.
ii. Proposed strengthening of the Halal auditing process through external Halal auditing.
iii. Results and implications of the implementation of the external Halal auditing process (external Halal auditing).

Based on preliminary observations, the proposed model of best practice of Halal assurance management in Malaysia is as shown in Figure 1 below:

![Figure 1. Halal Assurance Management Best Practice Model in Malaysia](image)

Figure 1. Halal Assurance Management Best Practice Model in Malaysia

Based on Figure 1 above, the Halal assurance management best practice model covers three important processes. First, the Halal certification auditing process is conducted by JAKIM for Halal certification applications (before). Second, the internal Halal auditing process is conducted twice a year according to the Halal Assurance Management System (HAMS) by Halal executives and regulated by the company’s (during) Internal Halal Committee. Third, the external Halal auditing process is conducted once a year by certified Halal auditing firms (accredited by JAKIM) appointed by the company’s board of directors (after).

In this model, the external auditing process provides added value, especially to the public’s confidence in Halal goods and services. This is because the external auditing process is carried out by independent professionals who are not tied to the interests of the company and at the same time helps reduce weaknesses in enforcement authorities (JAKIM) to monitor the process of providing Halal goods and services on a regular basis as informed in the findings of previous studies (Noor & Nordin, 2016; Shafii & Zain, 2015; Shafii et al., 2013; Shafie & Othman, 2006).

Thus, based on the important role with the implementation of the external Halal auditing process, the proposed Halal assurance management governance framework is as shown in Figure 2 below:

![Figure 2. Proposed Halal Assurance Governance Framework](image)
4. Conclusion

It is expected from this study to give an empirical findings on the needs of external Halal audit practices in Malaysia. The existence of external Halal auditing process will eventually enhance the Halal assurance especially on Halal products and services. This study will able to contribute significantly especially in practical implications. In this case, developed Halal assurance management best practice model and Halal assurance governance framework from this study will able to overcome issues pertaining to Halal assurance that happened in the Halal industry. Therefore, respective government agencies especially JAKIM should have a look at the developed model and governance framework to be considered into the Halal guidelines and standards.

5. References


