

HALAL HOTELS IN MALAYSIA: CERTIFICATION, ISSUES AND CHALLENGES.

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*Abstract*

*Malaysia is one of the Muslim countries that identified as a new player in tourism industry. In 2004, Malaysia launched Halal Hub and the MS1500:2004 standard brought Malaysia to be recognized as a Halal Food Hub. Of course, since 911 incident happened last 8 years, Malaysia seems to be one of the favourite's destinations. The increase number of devoted Muslim tourists whom seek for halal food and beverages lead Malaysia to be involved in the halal hotel industry. Halal food is the main factor why Malaysia able to attract more tourists as the demand of halal food is expected to increase. Tourists think that Malaysia is 100% halal community, but in fact they were wrong. This is due to the failures of some hotel to obtain the halal certification. JAKIM, SIRIM and HDC play a vital role in promoting the halal environment among Malaysian hotels. These three institutions identified as the most important recognized bodies in pursuing the halal efforts. Malaysian hotels should aware the significance of going halal so as to be the global halal food hub in the Muslim world.*

Keyword: Halal, Halal food and beverages, halal hub and halal industry.

## I. INTRODUCTION

Islam is one of the largest and fastest-growing religions in the world; 25% of the world population or 1.6 billion people are Muslim. Malaysia is now among the top Islamic destinations of tourist. This is especially to Muslims, because Malaysia offers various services and halal products in the tourism industry. In relation to this, based on Zainuddin Abdul Wahab (2010), tourists especially Muslims chose Malaysia because of the convenience of obtaining halal food, prayer houses, health-based tourism, variety of cultures and heritage and peaceful environment. Furthermore, Malaysia has been recognized as Halal Food Hub since 2004 and the increase demand of halal food in global halal industry forced Malaysia of going halal standard. But to what extent Malaysian hotels are aware to halal issue? Hotel operators should get halal certification to erase doubts among Muslims. Datuk Wan Mohammad Sheikh Abdul Aziz (2009), Director General of Malaysian Islamic Development Department (JAKIM) outlined that the hotel operators only apply to Jakim for halal certificates but comply by them. Hotels should take the halal issue seriously as offenders could be punished under existing laws. This is the time for Malaysia to show the credibility for being a global *Halal* Food Hub. However, there are

still a lot of hotels that do not certified with *Halal* logo. The *halal* hotels will help to expand the tourism industry by creating halal packages that incorporate activities and services in keeping with Islamic law.

## II. LITERATURE REVIEW

### Halal

Literally, *halal* is an Arabic word which means permissible or lawful (Trade Description Act 'Usage of statement HALAL/permissible', 1975). One of the main objectives of the Syariah (Islamic Law) is the protection of human beings. The rule "the basic of things is permissibility" (as purported in the Quran), has greatly contributed to this objective. This rule has also been contributive to the flexibility and applicability of the Islamic Law throughout the ages. The fact that permissible things are innumerable and beyond limitations, permissibility (or *halalness*) is truly God's gift for the good of mankind. 'O mankind! Eat of that which is lawful and wholesome, and follow not the foot steps of the devil. He is an avowed enemy of you' (Surah Al-Baqarah 2:168).

### Halal Food and Beverages

*Halal* food and beverages can be described as anything that man can eat or drink and there is no legal evidence prohibiting it, and

its constituents are free from any unlawful or impure elements (Ahmad Robin Wahab, 2004). According to Global Halal Food Market Brief (2008), halal food is defined as safe and not harmfully prepared, it does not contain non-halal and najis (unclean) ingredients and is processed and manufactured using equipment that is not contaminated with things that are najis. Food items that are prohibited (haram) under Islamic dietary laws include:

- Swine
- Animals improperly slaughtered
- Alcohol and intoxicants
- Carnivorous animals, birds of prey and land animals without external ears
- Blood
- Contaminated Foods
- Foods containing questionable ingredients

The *halal* hotel is not only concern on food and beverage but, it should precisely define on products, equipments, services and activities in the hotels itself (Fiona Jeffery, 2008).

#### **Global Halal Industry**

There are 1.6 billion Muslims in over 112 countries, creating substantial marketing opportunities for halal food products. Considering population growth rates and increasing incomes, it is estimated that in the future, halal food may account for 20% of world trade in food products (Hannah, 2008). The global halal industry covers the full range from 'farm-to-fork' or 'farm-to-table'. Players from every sector of the industry, including the foodservice sector generally and the hotel specifically, are looking forward to capture their share of this growing market. The number of tourist arrivals increased by 5.1 from 22,052,488 last year compared to 20,972,822 in 2007 (News Straits Time, 2009). This is the right time for Malaysia to show the credibility for being a global Halal Food Hub as well as the biggest trading nations in the Muslim world. The Halal food is certainly the main factor why Malaysia able to attract more tourists from East Asean Region likes Thailand, Indonesia and Brunei Darussalam. Furthermore, the worldwide demand for halal food is expected to increase from year to year.

#### **Key Markets**

Based on Global Halal Food Market Brief (2008), the increasing demand for halal products is being seen in a number of Muslim countries including Malaysia. Rising income levels in these key markets have led to higher consumption rates and more opportunities for halal food producers. The largest of these markets are located in South East Asia and West Asia. Malaysia listed as one of the key halal markets which is have a population of over 650 million.

#### **Malaysia as Halal Hub**

Back to the year of 2004, Malaysia has launched *Halal* Hub and organized its first International Halal Showcase (MIHAS) and later launched the MS1500:2004 standard which is the world's first such standard. This Malaysian Standard is one of the five initiatives of the government to recognize Malaysia as a *Halal* Food Hub. *Halal* Industry has increased rapidly in Malaysia while the market for the *Halal* Industry is expected to reach USD 150 billion (*Halal* Journal, 2006). Furthermore, the worldwide demand for *halal* food is expected to increase from year to year since the World's Muslim population estimated to be 3 billion by 2010.

The Halal food is certainly the main factor why Malaysia able to attract more tourists from East Asean Region likes Thailand, Indonesia and Brunei Darussalam. While *Halal* Certification is important in order to confirm both the ingredients and premise is free from non-*halal* products, prevent consumer fraud, facilitate trade of *halal* product and maintain *halal* integrity.

### **III. DISCUSSION**

#### **Halal Certification**

The Department of Islamic Development Malaysia or JAKIM (Jabatan Kemajuan Islam Malaysia) introduced its new Halal Stamp in October 2003. The original colour of the Halal Stamp is black and white. The code number printed within the circle (as shown in figure 1.1) indicates the Malaysian State that issues the certification.



Figure 1.1: Halal Stamp

Halal certification is very important for the purpose of:

- Confirm that the ingredients used in a product are halal certified and the premise is free from haram or non-halal products;
- Prevent consumer fraud in the preparation, distribution and sale of halal product;
- Facilitate trade of halal products; and
- Maintain Halal Integrity from farm to table

It is outlined in the booklet by JAKIM on General Guidelines on the Slaughtering of Animals and the Preparation and Handling of Halal Food (2001) that the examiner will only confer halal status when he is fully confident and satisfied beyond any reasonable doubt on every aspects of the examination.

The examination should not create or give rise to any question or doubt and the examination process shall cover all aspects of: *Preparation, Slaughtering, Processing, Handling, Storage, Transportation, Cleaning, Disinfection, Management practice*

**Halal Application and Certification Process**

Applying HDC Halal certification is simple and could be made both online and offline. The process undergoes three stages and is outlined as per following illustration.

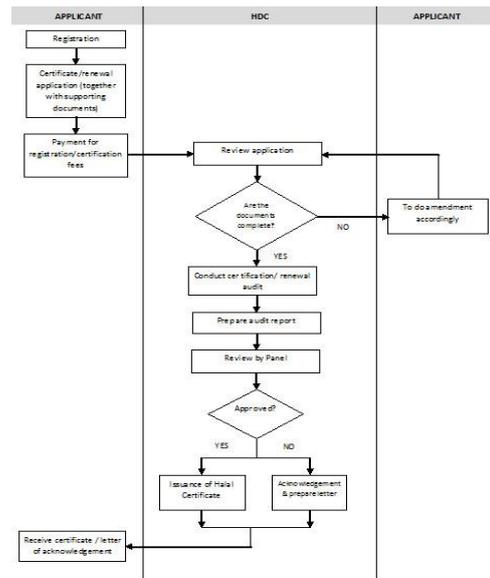


Table 1.1 Halal Application and Certification Process

**Stage 1: Registration and Fee**

As seen from the HDC website, the registration can be made online or download the application form from the link <http://www.hdcglobal.com/v4/OnlineServices/certApp.asp>. While the fees for registration is RM 100.00 and the certification fee is RM 3000.00.

**Stage 2: Audit and Report**

The audit team comprised of two (2) auditors who are qualified in Syariah and Technical matters. The site audit will verify the Halal status of ingredients, the processing and storage, Halal internal management, labeling and the quality assurance which will be compiled in the Audit Report. At the site inspection, the auditors may take sample for analysis to confirm the content of products

**Stage 3: Approval and Certification**

The Audit Report will be reviewed by HDC Internal Committee before it can be recommended for approval by HDC Halal Certification Approval Panel. Both the Internal Committee and the Approval Panel consist of experts in Syariah and Technical matters (scientists). The Approval Panel has the final decision to reject or approve any application.

HDC Halal Certificate will be issued to the applicant after the clearance by the Approval Panel. HDC Halal certificate owners are

automatically allowed to use the Malaysia Halal logo on their relevant products or premises.

### **Halal Efforts**

Malaysian Islamic Development Department (JAKIM), Malaysian Institute of Industrial Research and Standards (SIRIM) and Halal Industry Development Corporation (HDC) plays a vital role in halal certification efforts. JAKIM is pursuing the effort to promote the halal environment among Malaysian hotel by having the halal road show around Selangor. There are eleven (11) hotels in Selangor had been issued the halal certificates. They included Concorde Hotel, Grand Bluewave Hotel, Hilton Hotel and Crystal Crown Hotel (Utusan Malaysia Press, 2009).

MIHAS Showcase 2009 has pursued the halal efforts. It was held on 18 to 19 May 2009 at the MATRADE Exhibition and Convention Centre, Kuala Lumpur. Restaurants and Hotels under the halal certified premises was one of the categories presented at MIHAS that year. MIHAS is an annual trade fair designed to bring together the world's goods, products and services that are halal-compliant. The fair is usually held in the second quarter of the year in Kuala Lumpur, Malaysia.

Recently, the 8th International Halal Showcase; MIHAS 2011 was held on 6 to 9 April 2011 at Kuala Lumpur Convention Centre, KLCC, Malaysia (MIHAS, 2011). We are hoping MIHAS will create the understanding among hotels and expose Malaysian halal hotel to international trading opportunities.

### **Issues and Challenges**

*Halal* issues has been getting a wide coverage in the media lately, especially to the Muslim consumers. In our progressive world, it has become increasing challenging for Muslim to determine whether the food or beverages they consume are religiously acceptable or *halal*. Sadly, majority Hotels in Malaysia failed to get the *halal* logo certified by the State Religious Department or the Malaysian Islamic Development Department (JAKIM) (Noor Mirwandy Mat Noordin, 2007). How do Malaysian hotels feel about the standard? Some hotels claimed that they served *halal* food and beverage but in reality they don't. Applying *halal* certificate is simple and could be made

both online and offline, but most hoteliers do not bother applying for *halal* certification.

Shahidan and Md. Nor (2006) highlighted the lack of enforcement by the Department of Islamic Development's (JAKIM) in monitoring the usage of certified *halal* logo has caused the public to question the validity on some of the products or service claiming to be *halal*.

They think Malaysia is 100 per cent *halal* community without knowing the truth behind the scene. This is true because numerous hotels in Malaysia are not owned by Malaysian. Only a few were 'made in Malaysia' hotels. The operation of the hotel doing by foreigners such as Hilton Hotel, Shangri La Hotel, Sheraton Hotel and Ritz Carlton Hotel. They are big investors in Malaysian hotel industry. They were made the hotel system, operation, regulation and policies for so many years. Due to this mentioned reason, they are not aware enough to obtain halal certification.

Shaharuddin M Saaid (2009) identified the following issues with regard to halal certification. We often see headlines such as "Only 19 hotels have halal certificates" or "Make it mandatory for hotels" when there is no halal certification for hotels or even restaurants at hotels. It is for the hotel kitchens which apply for the certification with JAKIM previously and now the Halal Industry Development Corporation (HDC), when catering halal food for guests at a particular restaurant or food and beverages outlet in the hotel. The Malaysian Association of Hotel Owners (MAHO), the Malaysian Association of Hotels (MAH) and the Malaysia Budget Hotels Association (MBHA) have made great efforts to encourage hotel members to apply for halal certification for hotel kitchens to provide halal food to guests at designated restaurants. The hotel sector supports halal certification exercise and requirements at hotels will be able to expand and enjoy bigger business patronage from Muslim guests both local and foreign, as well as from the Government.

The next issue is blame often put on hotels for not applying for halal certificate when the main problem is that many applications are delayed or being held up, some for more

than a year. Many cases of delay are due to the procedures and requirements that are said so cumbersome and troublesome. This lead to some hotels eventually gives up applying for the certificate.

Furthermore, HDC should resolve their household administrative issues on processing applications and procedures, especially when involving state religious authorities so that they can facilitate and not complicate the halal certification application not only for hotel kitchens but others as well.

The hot issue goes to why only halal certificate for hotels? Why not for all food outlets and premises too? It is not fair to only pinpoint the hotel sector when there are about 2,200 hotels of various categories and ratings (only 63% are currently rated) in operation, and many are without F&B outlets or having outlets which do not require halal certification depending on their clientele. There are many restaurants, stalls and eateries not having halal certificates and thousands of Muslims patronise them daily without questioning whether these premises have halal certificate or not.

Hotel owners and operators are sensitive to issues that concern Malaysian and foreign customers especially for halal food. Hotels always take great efforts to meet customers' requirements and demands in almost every need as the hotel sector is a key player and contributor to the tourism industry, contributing the second highest revenue to the economy.

#### IV. CONCLUSION

Halal provides tremendous export opportunities and as Halal certification is not mandatory, those with Halal certification have a competitive advantage over other food companies (Che Hassan Pahmi Che Mamat 2005). We are hoping more Malaysian hotels will open up their mind with regards the significance of going for halal standard.

This would give the biggest impact to our Halal Tourism Industry. For the investors, the Halal Hotel Industry and the Halal Tourism Industry are offering the new opportunity to expand the business in this region. The relationship between these two groups of industry will boost the Malaysian

economic in coming years. It's also important to examine the impact of Halal Hotel Industry and the Halal Tourism Industry on next decades. It is hope that a clear view will be found for the next researcher to make an attempt on the criteria of halal hotels in Malaysia. Let's seize the opportunity for a better future!

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