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Halal Supply Chain Management Training: Issues And Challenges

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Abstract

This literary paper focuses on issues and challenges of trainings for the halal industry. The needs for halal professional increase drastically after the introduction of Malaysian Halal Certification which lead to the demand for certified and competent halal executives and halal committee members. Halal training is important for human resource development for the halal industry. However, there are several numbers of issues and challenges that needs to address in order to ensure the development of human capital meets the jobs demand in halal industry. As consumers and as manufacturers for halal products, we must have adequate education and knowledge in halal matters so that we could understand the problems and issues; and to formulate relevant solutions to assist the halal industry. It is hoped that this paper will provide a clear understanding and insight on the various challenges in managing effective halal training and development. Literature shows that education is an important element to increase individual knowledge and skills. Appropriate trainings on halal management will ensure that the levels of knowledge and skills are meeting the halal and human capital standards among the halal industry players. The paper is part of the literature review of a doctoral study and its significance shall serve as a reference for the government halal authority, training providers, higher institutions and researcher towards halal human capital development implementation in Malaysia.

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1. Introduction

Human capital is best defined as a key element in improving a firm assets and employees in order to increase productive as well as sustain competitive advantage (Marimuthu, Lawrence Arokiasamy, & Ismail, 2009). Human capital also refer to processes that relate to training, education and other professional initiatives in order to increase the levels of knowledge, skills, abilities, values, and social assets of an employee which will lead to the employee's satisfaction and performance, and eventually on a firm performance. Nowadays, in order to make fast entry into the global halal market, the human resource that is capable of facilitating knowledge and expertise is principally important. Deriving from this factor, Malaysia has started to invest heavily on programs to enhance its human resource in the field. Investments are focused on providing programs for Small Medium Enterprises (SMEs) on the halal compliance and offering degree courses in halal related science (Suzana & Che Wan Jasimah, 2006).

2. Literature Review

2.1 Importance of trainings and development programs

In today's global market place, companies and employees within the industry require specialized and affordable training and development to increase their competitiveness. Training is an aspect of human resources development function of the organization (Rajeev et al, 2009). Dessler (2008) defined training as a process that applies different methods to strengthen employees' knowledge and skill needed to perform their job effectively. Other researchers on human resources development literature defined training with similar perspectives (Mondy & Noe, 2005; Yong, 2003; Beardwell & Holden, 2003). According to Johnstone et al., (2000) he stressed that to produce halal products, a company does not have to be run, operated or owned by muslim but it sufficient if the product is produced under strict regulations, supervision, support, guidance and the important factor is the trained and competent muslim production inspector must ensure the halal needs and standard requirements are fulfilled.

Most importantly, training will ensure the realization in creating awareness and integrity of halal process. Ministry of International Trade and Industry Malaysia (2006) stated that the inputs and objectives for halal trainings and halal training programs serve to:

- provide knowledge and understanding about halalan toyyiban as defined by the Halal Industry Development Corporation (HDC), Malaysia;
- provide knowledge on the process of obtaining Malaysian halal certification;
- products are not only halal but also toyyib (hygiene and nutritious); and
- identify the benefits of Halal certification

2.2 Halal Training Programs

Halal training is important for human resource development in the halal industry. As consumers for halal products, we must have basic education and knowledge pertaining halal so that we are aware and understand certain halal issues in the halal industry and market. For example, unauthorized or dubious halal logo should be tackled wisely with adequate knowledge and information about the halal logo; and to advise the company management on how to address the issue and to solve effectively if we are the employees. As consumers, we ourselves should also know the current halal trends and halal requirements on the food and products that we buy. For examples: consumers rights for clean and hygienic, halal and safe products to consume and use, services that are halal and permissible by religion; consumer rights for choices of education; rights for seeking compensation, peacefully environments, to mention a few (KPDNKK, 2013).

The rapid expansion of the halal services industry had increased; consequently creating the shortage of skilled workers and semi-skilled workers for the halal industry; and to maintain the integrity of their halal products in manufacturing, marketing and distribution. To meet the obligations of Islam or "obligatory kifayah", efforts are

made to ensure that these workers, as front-liners are knowledgeable throughout the whole halal supply chain. Institute of Halal Research and Management (IHRAM) develop halal modules, training programs and services. Collaboration are done with agencies which have the skills and experience in conducting training Halal programs, such as Halal Industry Development Corporation (HDC), Global Integrity Products & Services Sdn Bhd (GIPS), the Religious Affairs Department and Chemical Company of Malaysia Berhad (CCM) the necessary courses and training in knowledge transfer programs were designed to meet the identified target groups. It covers the aspects of the knowledge needed to become a professional workforce, before undergoing the practical training in industry.

Halal can be divided into two segments, which consist of products and services. Services related to Halal, these include food, cosmetics, tourism, transportation and logistics, medical, hospitality, there are needs for Syariah compliant standards set by the authorities such as Department of Islamic Development Malaysia (JAKIM) and the Department of Standards Malaysia (Syamsul, Mashitoh, & Yusop, 2013).

Today, the ultimate success of the Halal industry depends on the managements' ability to combine the element of the supply chain with Sharia or Islamic rule. In today's global halal market place, companies and employees working in the abattoirs, manufacturing food products, food outlets, pharmaceutical, cosmetics and healthcare products and the logistics industry require specialized halal training and development to increase their business competitiveness (Mohd Shariff, 2015).

2.3 Issues

Employees in the global transportation are also require specific technical knowledge in operations, customer service, sales and negotiation skills (Amanda, 2004). Therefore, the development of the human capital or human resource for the halal industry in Malaysia is important to assure the nation's competitiveness.

However, there are some matters that dissuade Malaysia to become world halal hub. One of the problem raised by previous halal research is lack of halal awareness amongst the players about the halal concept and understanding on the ingredients, sources, processing and storage (Ernest and Lau, 2012). There are lot of misconception (negative perception by European non-Muslims and lack of understanding by Muslims). There is a lack of consumer awareness in the Muslim-majority countries. Next was the weakness of the policy of halal certification and logo (Zalina, 2008). Past studies have shown that there is a possibility lack of awareness and understanding among the workforce in the halal industry. For this paper, three problems has been raised as below:

- Halal training programs are very much needed to provide new skills in halal management and syariah knowledge for human capital development for the halal industry in Malaysia; however there exist variations (durations, contents, coverage) and different types of halal training programs (Jamaluddin et al., 2015)
- There are increasing number of Halal research and trainings done by the universities and training providers. However, there are uncertified and lack of structured Halal training programs provided by the Halal training providers. (Halal Dialog Session with Industry, 2014).
- There are increasing number of Halal research and trainings done by the universities and training providers. However, there are uncertified and lack of structured Halal training programs provided by the Halal training providers (Hardiyanti, 2015)

Currently, there is no harmonization of certification and standards (Ministry of International Trade and Industry, 2006). Hence, halal training programs are important so as to provide new skills in halal management and syariah knowledge in managing halal products and services. With this scenario, many training providers and consultants have evolved in Malaysia providing numerous halal training programs to cater to these halal human capital needs working for the food and beverage, food outlets, slaughterhouse, pharmaceuticals, cosmetics and healthcare products and logistics industry. The main critical problems here are that the halal training program/modules/courses vary in content and syllabus, and training durations (Halal Dialog Session, 2014). There are many training providers providing halal awareness trainings with duration from 2 days and maximum of 6 months (Jamaludin et al., 2015). Besides that, the coverage, depthless and duration of halal trainings are inconsistent. All halal trainings/program are

also not be verified for quality and accredited by a body. Tieman (2015), reveals that the University that incorporates Halal components into existing subjects, and suggested including lectures on Halal matters into existing courses as a way to fill the gap in Halal education. This would be more effective and quicker than designing a unique Halal course from scratch.

The halal curriculum has the potential to groom students to be more employable and enter a wider range of career fields upon completion. Not just limited to food sciences, courses can be cross-disciplinary to include liberal arts, philosophy, science, IT, marketing, psychology, education, auditing and much more. (Jonathan, 2015) stated that in World Halal Summit, the curricula have to be cross-disciplinary that encourages healthy debate while celebrating the beauty of Islam. As there are still these gaps in tertiary and professional qualification levels, it has been agreed that there is much more room for Halal education to grow.

The halal industry has expanded to 1.8 billion consumers globally with estimated value of USD 2.1 trillion. This creates a high demand for human capital development particularly, the workforce to be equipped with syariah knowledge and halal competencies and skills. However, exist crucial needs for human capital development for the halal industry in Malaysia to assure the nation and halal hub competitiveness. There are also concerns raised pertaining to the halal training programs in Malaysia. There is insufficient study or past research done in this area of halal trainings and human capital development as all the concerns party claims they are experts in halal and syariah. Malaysia can be considered as an asset-poor in human capital talent. In the context of training, Rafi-uddin (2015), noted that without the right knowledge, businesses and industry sectors as well as human capital could not progress. Besides that, the competencies of halal executives and the workers in managing halal matters are yet to be appraised; and this is crucial as businesses need to recruit more halal executives, halal players as part of the halal certification procedure. The Halal Executives needs a set of knowledge and competency skills to suit the nature of business in organization (Jamaludin et al., 2015). Syariah graduates are knowledgeable in syariah and Islamic principles but may not be well-versed on the technical and management aspects of the business (Halal Dialog Session, 2014).

2.4 Challenges

Besides having a few issues regarding the Halal Training, there are also challenges that needs to overcome. Based on Simran (2015), with respect to working with training agencies as there may not be transparency there too. It is very important to be informed about the others party who you engage with.

High rate of turnover is one of the challenges that will be faced by the organisation as they need to hire new staff and need to repeat the trainings. Turnover is costly in terms of the recruitment and training needed to replace workers, as well as in the productivity lost while new workers are learning how to perform up to expectations. In fact, one study found that changing retention rates up and down results in magnified changes to corporate earnings. From the perspective and view of organization, employee turnover is very expensive. When employee leave an organization, it has become imperative for that specific organization to make a costly replacement as soon as possible. These replacement costs include for example, search of the external labour market for a possible substitute, selection between competing substitutes, induction of the chosen substitute, and formal and informal training of the substitute until he or she attains performance levels equivalent to the individual who quit (Fahad, 2011).

The relevancy of training also plays a role in establishing employee commitment. Employees enter into training programs with specific expectations and needs. The result of training programs that do not meet the expectations and needs of participants may be lower commitment, negative attitude change, and an increase in turnover. One study found that training participants that received “realistic notices” and accurate training information prior to training reported better outcomes than those that did not receive any information regarding the training process. In order to use training as a mechanism to build commitment, organizations need to ensure that trainings are relevant, are communicated effectively, and are able to meet the expectations of the employees participating (Brum, 2007).

Another challenges that faced by the organization was when there are inexperienced employees in the company. A lack of available jobs suited to entry-level skills. In some labor markets, especially in the developing world, there is simply a demographic mismatch between the number of young people seeking work and the level of local economic activity.

Employers have an important role to play in improving the profile of vocational education for young people. They should adopt HR policies where these policies may include the creation of progressive leadership opportunities for vocational and technical workers, as for other workers, through mentoring and advice, promotion of continuing education and additional certifications, and openness to consulting and contracting by appropriately skilled former employees establishing their own businesses (Johnson, 1998).

Lastly, training is very important in order to make sure the safe working environment in the company or organization. The Occupational Safety and Health Administration states that untrained workers are more susceptible to injuries. This happens when workers lack the knowledge and skills required to use equipment and supplies safely. The problem could be fatal in work environments that contain heavy-duty machinery and hazardous materials. For Halal Industry, especially for slaughter house, they need to make sure the person who are fully responsible in doing slaughtering must have qualification and also skilled to do their job. This is to make sure that there is no accidents at the work place when they are doing their jobs.

3. Conclusion

In summary, training was one of the issues raised by past researchers. This paper attempts to highlight the major issues and challenges related to halal trainings and halal training programs faced by the halal industry in general presently and for the near future. Therefore it can be concluded that there are three main issues and three main challenges in order to emphasize halal training in the industry. Based on this literature review, it can be concluded that appropriate human capital training and development strategies and planning must be done for the halal industry players so that the halal industry, particularly the halal logistics and supply chain can be more ready for halal certification with MS2400: 2010 standards; and hence to be more competitive in logistics business and portraying good halal image and perception. The implementation of the Halal Training Program in Halal industry is very significant as awareness towards Halal products and Halal industry nowadays is very important. The issues and challenges that had been highlighted previously may have the solutions. The outcome of future research on this might shed some light on the problem, and might lead to more interesting findings. The training needs in Halal industry are very vital now as the industry now keeps pace with the global demand for Halal product and services. This literary paper is only a small part of a doctoral research and also halal research on halal human capital development undertaken by the author and her research team members.

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