

OUTCOMES OF NEGOTIATION ON HALAL MEAT BUSINESS

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Abstract

Halal concepts are now being put into practice, across multilayers of trade and industrial services worldwide. Syariah compliant certifications championed by NGOs, independent bodies and government agencies, allow acceptance of Halal certifications and recognition of products, as fit and Halal for Muslim consumption, for domestic uses, and exports. Today's global market are now trending towards capturing the lucrative Halal trade, profitably, with common household items such as Halal meat, food and beverages, becoming more accessible globally. Other range of services, such as Halal hospitality, tourism, and Syariah compliant banking systems; and tangible non-food products, like cosmetics, pharmaceuticals and toiletries, are expanding to cater for the Muslims' worldwide needs across the continents. This article focuses on the training that had been conducted by the Institute of Halal and Research Management (IHRAM) in the year of 2014 and 2015 on the Halal meat business international industry players, focusing on Pakistani meat produces, traders, importers and government authorities. Does the training provide opportunities in allowing negotiable terms and conditions, thus aligning strategies that will mutually benefit developing markets of halal meat in Malaysia, and Pakistan? Can the training become a platform for smart partnerships and mutual recognition of bilateral trade negotiations, in halal meat production within differing nations? Can training negotiate linkages with halal meat importers from other countries and work actively in increasing the export level of Halal meat into Malaysia? This article, therefore, explain the complexity of negotiation outcomes and the challenges faced by the Halal meat traders of different countries to agree on common areas and establish sustainable relationships of future trade and bilateral communications to build the Halal industry linkages internationally.

Keywords: Negotiation, Halal, Training, Halal Business, Action Research

INTRODUCTION

Halal is not to be taken lightly today. In line with the advent of the current sophisticated technology in communication, any news, whether good or bad, can be

virally accessed via electronic media, which can trigger panic, and confusion; consumers, traders may be challenged to discern between noise, rumors, factual information or sensational news, which do not necessarily project the truth. Sustaining credibility by its reputation and credible logo worldwide will need tremendous continuous effort from religious bodies, manufacturers, governments, policy makers, monitoring bodies, research institutions, consumers and non-Government organizations (NGOs) to maintain Halal throughout the whole value chain.

Product recall, harmful contaminants and *najs* contamination, be it through carelessness and negligence, or from deliberate fraudulent practices of mixing haram, *syubhah* and inferior cheaper ingredients into halal foods, are not to be tolerated, what more if irreversible damages such as deaths or loss of profits occurred through cross contamination of tainted dangerous substances in food.

Careless spreading of dubious rumors through the electronic media may result in substantial damage of the credibility of private Corporations selling Halal products. Consumers are not too forgiving and the loss of brand trust, are among the risks faced by Halal Products' manufacturers worldwide. As part of the Halal Globalization initiatives, numerous countries (not necessarily Muslim dominant populated nations) take further steps to ensure its participation specifically in business deals with every Islamic country. In doing so, efforts and allocation of resources and funds had been spent on Halal Businesses for meat and poultry products with respect to globalization through numerous business platforms.

Not only the business, training is, of course, essential in understanding the scope of business, regulations and Halal certificate procedures, policies, rules, laws and regulations were also expected to be created seamlessly beyond borders of countries, to allow fast movement of saleable Halal products worldwide. Human capital, through strategic attractive scheme to lure the right knowledgeable talents, has to be developed and retained, for the survival of that particular organization.

Setting up of basic infrastructural systems such adequate and trained teams and workforce, Halal Assurance Systems and internal committees, good management encompassing monitoring, inspection and compliance achieved through systematic audits, done by government agencies or authorized independent bodies that value integrity.

Halal and Syariah Law

Syariah Law means Islamic Law based on the al-Quran, *hadith* (Tradition of the Messenger of Allah), *ijma'* (Consensus of Islamic Law) and *qiyas* (Deduction of Analogy) according to the Shafie or any one of the Hanafi, Maliki, or Hambali Schools of Thought which have been practiced by countries where these guidelines have been implemented. A particular food become lawful or unlawful by Syariah Law of Islamic Law if it is considered so through any one of the above mentioned sources (Al-Qardawi et al., 1995).

Halal is an Arabic word, which means allowed or lawful or permitted. Most diets and foods are considered halal unless they are specified or mentioned in the Quran or Hadith. Haram is an Arabic word, which means prohibited, or unlawful. All haram foods are forbidden to every Muslim. Human beings cannot change the Haram into Halal and it is also haram to make the halal to haram. If a Muslim consumes any of these haram products, he would be sinful. In some exceptional cases such as during critical situation, a Muslim may consume the haram for survival (Hussaini et al., 1984). *Mushbooh* or *syubhah* is an Arabic term, which means 'suspected'.

In any case if one does not know the halal or haram status of a particular item such as food or by-products, pigs, animals with long pointed teeth (canines or tusks) which are used to kill prey such as tigers, bears, elephants, cats, and monkeys and birds with talons or predator birds. Other than that, animals that are poisonous and repulsive such as mice, scorpions, snakes, crows, and centipedes and animals that are forbidden to be killed such as ants, bees and woodpeckers are prohibited. Marine or aquatic animals are those which live in water and cannot survive outside it, such as fish. All aquatic animals are halal except those that are poisonous, intoxicating or hazardous to health. It is halal when the toxin or hazard has been eliminated during processing (JAKIM et al., 2001).

All types of plant products are halal except those that are poisonous, intoxicating or are hazardous to health. It is halal when the toxin or hazard has been eliminated during processing. Meanwhile, all kinds of water and beverages are halal as drinks except those that are poisonous, intoxicating, or are hazardous to health and that are mixed with *najs* (Al-Qardawi et al., 1995).

Halal Business

According to Jonathan et al. (2010), there should be a consensus on the definition and the concept of Halal. Apparently, in a business's world, Halal has not reached its full potential in branding due to space of arguments on the definition of Halal itself. Not only the focus of functional marketing, the competitions that Halal has created is more significant when delivered via the understood elements of strategy and management in Halal business environment.

Where the Halal meat business is concerned, Islamic institutions and the Islamic butcher are well trusted for its monitoring and controlling of the halal status of meat as well as the communication about halal meat. However, based on the survey, it was found that four distinct markets were identified namely indifferent (29.1%), concerned (9.7%), confident (33.1%) and Islamic idealist (26.7%). These segments differ significantly with respect to trust in information sources and institutions, health and safety perception of halal meat, perceived halal meat consumption barriers, behavioral variables (halal meat consumption frequency and place of purchase), and socio-cultural (acculturation and self-identity) and individual characteristics (Bonne and Verbeke, 2008).

In fact, consumers are rather uncertain of who should monitor the halal status of meat, and they are most open to purchasing halal meat in the supermarket. Concerned Muslim consumers display higher confidence in Belgian than in Islamic institutions. It is believed to be due to perceiving a lack of information, poor hygiene and safety concern as barriers to purchasing halal meat. The results Bonne and Verbeke believe that it is different when it is compared to Islamic idealists, who are typified by younger age, second generation and high Muslim self-identity, differ from the confident consumers through their very low confidence in local Belgian sources and institutions.

Halal Training - Institute of Halal Research and Management (IHRAM)

As far as IHRAM is concerned, the priority areas in the Halal Training include the following:

- Mass awareness campaigns fighting Islamophobic activities - Halal foods and processes. Through launching of educational programs, websites and print publications to promote *syariah* compliant lifestyle. The priority languages are English and Arabic.
- Professional media and creative use of social media.
- Coordination between scientists, Islamic scholars, Halal professionals, journalists, marketing and public relations professionals. Disseminating the benefits of Halal to the people, communities and businesses. Supporting Halal focused publications in the Western countries.

According to Alina et al. (2013) 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. The rapid expansion of the Halal services industry had increased; consequently the shortage of skilled workers and semi-skilled workers is a major hurdle for the industry in maintaining the integrity of their Halal products. To meet the obligations of Islam or "obligatory *kifayah*", efforts are made to ensure that these workers, as front-liners throughout the whole Halal supply chain, are knowledgeable.

Negotiation

As organization involves a great number of stakeholders, Halal has been very challenging issues. It does not only about fulfilling the requirement of Halal certification and standard, but it is also about the domestic sovereignty on the enforcement and the sustainable of Halal and *thayyibah* in Malaysia. This article thus presents on the use of negotiation in tackling certain diversities issues in the training on business specifically, and the business interest which remains tougher.

Negotiation is perceived tool of resolving conflicts which has been found to be critical and significant in conflict resolution. It is perceived as a process of resolving conflict which is due to different interests or needs between individuals or groups. It occurs when the differences cannot be satisfactorily dealt with (Taylor, 1999). The negotiation is only possible whenever there is a need and motive to solve the differences among conflict actors (Churchman, 1995). An outcome refers to the ability of minimizing differences of interests or needs which may fall into win-win or win-lose situation.

Negotiation is also found to be a process of transformation which aims to develop the parties through empowerments and recognition (Bush & Folger, 1994). The process is seen as highlighting opportunities to recognize other party's interest. Thus, it was suggested that both parties should focus towards facilitating the recognition along with enhancing opportunities for empowerments (Markiewicz, 2005, p. 16). Putnam (1994) found that are hidden areas in the negotiation process which are mutual understanding and effective interaction. Putnam (1994) asserts that the conflict actors of negotiators could come to an understanding of self and the other party as well as connectedness between them by which members are informed about the other's position and consensus is reached through process of clarification or explanation as opposed to operationalization of staged problem solving actions (Markiewicz, 2005, p. 16).

Based on the existing training, this article seeks to understand the scopes and feasibility of negotiation that occurs in achieving the objectives set up by meat exporters in Malaysia. Using the approach of action research, a qualitative data allows richer understanding of negotiation outcomes for the training in terms of its modules,, timeframe and professional bodies involved in the training itself.

METHODS

This research employs a qualitative approach for its analysis that involves action research methods. Action research aims at solving an immediate problem or a reflective process of progressive problem solving. In this very analysis, the two training programs were chosen as the case studies of this analysis. The two training were held for halal meat business market in Malaysia. Each program involves only nine participants from overseas who underwent for six days training on Halal Meat Business Prospect for year 2014 and 2015.

The research analyses the outcome of the modules which were established by Institute of Halal Research and Management (IHRAM). Negotiation in the business of Halal Meat which was performed during the training organized by IHRAM in the consecutive year 2014 and 2015. The modules were followed as they were arranged according to the objectives and experts available for such training. The duration of the training was determined by the trainers on the training come from the specification grants that the training required. IHRAM, as a center of excellent prepared the modules that suit the objectives of the program. The modules were

different from 2014 and 2015 due to the objectives for each training. The modules were designed to suit the compatibility and feasibility of the training while they were in Malaysia. Not only a theoretical approach, the industrial practices and approaches were also included for more exclusive and extensive for the quality purposes.

FINDINGS

Training Objectives

With references to the training that had been delivered by IHRAM, among other objectives of the business training were found to become a business platform between the participants and business owner in Malaysia who were looking for opportunities in exporting meat products and production of halal meat and marketing in Malaysia. Besides, the training aims at giving better understanding of the procedures and regulation of import /export in Malaysia as to where JAKIM is actually taking place in the whole process. As an authorized body for Halal Certification, JAKIM is seen as very significant in the adherent of approval and legality of the import/export business in Malaysia. Not only theoretical and regulation aspects, IHRAM also make it possible as it can to be a mediator that gathers potential business organizations where direct experience and face-to-face discussion with the business entities of similar products. Besides making a comparison on prices, the understanding of quality that results in the size of demand in Malaysia is also negotiated.

Business-To-Business Making (B2B)

In terms of B2B, this training provides adequate approaches that prepare the participants with better understanding on how to go about their business in Malaysia. Overall, this training is very helpful to the participant to start their business. This training highly useful where the participants are exposed for:

- i. A market demand of meat products – the participants get to know more about the extent to which the meat is in demand for Malaysia consumers. This information is obtained through the in-house training and business networking available through MIHAS and the dinner that brought together some of companies that are involved in meat import and export.
- ii. Actual percentage of supply for imports and locals – the participants were informed about the shortage of supply that actually happens in Malaysia. It somehow triggered the participants to see this as an opportunity in making business in Malaysia. It does not limit to meat but also poultry as well as processed foods.
- iii. Expectations and issues of quality versus prices from the Malaysians namely business owners and consumers – besides supply and demands, some issues revolve around quality and prices are yet to be solved. The participants should be aware of how the India market, for instance, get its business in

Malaysia for its buffalos that offer lower prices which in turns placing good sales among Malaysian consumers. As far as the quality is concerned, the Pakistan participants (business owners) may consider balances for prices and the quality before placing their products in Malaysia.

- iv. Market Price – the participants get to know about the prices through MIHAS and official and non-official visits to cold storage available during their stay in Malaysia.
- v. Procedures of business deal that related to Department of Veterinary Services (DVS), JAKIM (In full) and MAQIS (In full); and
- vi. Compliances to the Malaysian rules and regulation.

Halal has been practiced in the form of domestic and communities in informal and individual practices based on goodwill of trust, without uniformed standard procedures monitored by the commercial vicinity or government agencies via formal Halal logo, certifications or brandings, and this mainly concentrated on Halal meat slaughter only.

In the context of today's modern and fast paced technology, the needs of consumers' goods and services are being fulfilled via technology. Throughout the whole value chain, non-Muslims may be actively involved, and also non practicing Muslims, or differing needs of various schools of thoughts based on Geographical differences or *Urrf* may cause a big headache to multinational countries, when initiating exports via different Muslim countries worldwide. Manufacturing, mass production and technology, should be aligned towards maintaining the Halal integrity of products in the production line, to prevent contamination or adulterant of haram or *syubhah* substances. Aggressive commercialization and sustainable income generation from prudent usage of technology and research as tools, to uphold the sanctity of religious requirements of Halal and *thoyyib* that protect the safety, wholesomeness, hygiene and credibility of products offered. The cycle of R&D can then be repeated and expanded for sustainable growth and self-sufficiency, allowing future expansion, growth and opportunities. Among the issues of Halal Meat exports are transferring of zoonotic diseases via the meat products, or other biological sources of contaminants which are undesirable and dangerous, such as pathogenic bacteria, parasites, toxins, virus and molds.

IHRAM develops 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 & Sevices 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.

Problems and Improvement Suggestions

- a) It is recommended that the training should be made in parallel with Malaysia International Halal Showcase (MIHAS) in Malaysia as to help participants in their networking process.
- b) Besides, the training should include representatives from the Ambassador of Pakistan based in Malaysia. It is believed that the inclusion will embrace greater results in terms of business deals and regulations involved in the import and export of meat, poultry and processed food between Malaysia and Pakistan respectively.
- c) The training is suggested to include a meeting with the hypermarket or some importers with the participants. It provides better view of the business itself such as pricing, costing, regulations and difficulties arise in the said business (Local market and farm or supermarket ;Lower price-Giant; Middle- Tesco; Higher- Cold storage)
- d) The timing of the training is better in terms of movements and schedule of in-house training. However, the participants had difficulties in adapting themselves to the changes of zone time which results in tiredness and punctuality of each programs. The organizer managed to handle this considering the availability of transports and independency among the trainees.

CONCLUSION

In conclusion, the training program this year which was held in conjunction with MIHAS has achieved its own sets of objective. This is based from the overall positive feedback gathered during the training session as well as from the surveys conducted. Participants managed to learn the essentials that are required in applying for halal export certification and also explore potential business opportunities to expand their business in Malaysia.

The findings reveal that the negotiation and training have been very helpful as a platform for both trainees and the trainers. As negotiation goes, the trainees have more spaces for consideration before making the business on Halal meat in Malaysia. It is suggested that the inclusion of higher level of authority such as the ambassador of the particular country is significant in negotiation the requirements and matching it with the market demands from the networking points of view. Besides exclusiveness of the Halal meat business in Malaysia, it is found intrusiveness also occurs due to business pressures and stances that are undeniably hard for both countries to understand.

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