



THE SCOPE, OPPORTUNITIES AND CHALLENGES OF HALAL INDUSTRY: SOME REFLECTIONS

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ABSTRACT

The *Halal* industry has emerged as a new growth sector in the international economy, especially in developed countries. Asia, Middle East, Europe and the United States, as the major fast-growing economies of the world, present the most promising *halal* market. The growth of *halal* industry could be attributed to recognition of *halal* products as an alternative benchmark for quality assurance, hygiene and safety. This has triggered an increasing acceptance of *halal* products by non-Muslim consumers. The growing number of the Muslim population and their increased awareness about the significance of consuming *halal* food, products and services is another factor that has led to global development of the *halal* industry. This article attempts to delineate the concept of *halal* in the context of its primary sources; the *Qur'an* and *Sunnah*. It also explores the different segments of the *halal* industry and their prevalent challenges and opportunities. Some facts and figures are presented to highlight the expansion of the *halal* industry globally. A qualitative method using library research is used in this study. The data and information, collected from primary and secondary sources as well as online sources, are analyzed and conclusions are drawn. The research concludes that the *halal* industry provides a lucrative business opportunity for Muslims and non-Muslims alike. However, stringent measures are needed to maintain the authenticity of *halal* products and their compliance with the *Shari'ah*, hence, serving Muslims consumers' interests.

Key words: Challenges, Halal industry, Muslim consumers, Scope, *Shari'ah* compliance

1. INTRODUCTION

Halal foods and products have gained worldwide recognition as an alternative standard of safety, quality assurance and hygiene (Ambali, and Bakar, 2014). The *halal* industry has successfully penetrated the global markets. It has received overwhelming attention of the world market especially in most of the Islamic countries. Thus, *halal* foods and products produced in accordance with *Shari'ah* principles are readily accepted by both Muslim and non-Muslim consumers. Muslim consumers consume *halal* foods and products as a religious obligation, and an act in full compliance with the *Shari'ah*. On the other hand, for non-Muslim consumers, *halal* foods and products represent the symbol of hygiene, quality and safety.

Demand for *halal* products is rising in non-Muslim countries because consumers prefer to consume *halal* food and perceive it as a healthy choice. The *halal* industry is not limited to the foods sector. Based on the literature review, there are seven key sectors in the *halal* industry, namely food services, consumer goods, financial services, pharmaceutical goods, cosmetic products, *halal* logistics and tourism. Therefore, the seven key areas of the *halal* industry could be grouped into four major segments, comprising food and beverage, pharmaceutical and health products, cosmetics, and tourism and travel services. The financial services sector is not dealt with here to save space. This article delineates the concept of *halal* based on the primary sources of Islam; the *Qur'an* and *Sunnah*. It also explores the scope of the *halal* industry and its prevalent challenges and opportunities. Some facts and figures, underscoring the expansion of the *halal* industry globally, are also presented in this article.

The authors adopt qualitative method using library research. The data and information gathered from relevant literature are textually analyzed and examined to construct an overview of the *halal* concept and identify its prevalent challenges and opportunities. This article has a significant implication for policy makers and *halal* industry players. It proposes to policy makers the formulation of stringent measures to ward off the negative effects of the intense competition in the *halal* market on the integrity of *halal* products and their compliance with *Shari'ah*.

2. MEANING AND DEFINITION

Halal is an Arabic word which literally means lawful and permitted. It connotes something which is allowed by Islamic law and there is no binding legal text pertaining to its prohibition. It is something which is required by Islamic law. Its opposite is *haram* which means unlawful or prohibited (Nor 'Adha et al., 2017; Marco, 2011; Al-Qaradhawi, 1994). The concepts of *halal* and *haram* are of universal application, and they are pervasive in their nature due to encompassing a broad spectrum of human activities ranging from '*ibadah* (worship) to *muamalat* (transactions) and *mu'asharah* or social behaviors. According to Wahab (2004), the use of the term *halal*, in relation to food in the context of business and trade or as part of a trade description, implies lawful products or foods and drinks. *Halal* could also be expressed in any other expression which indicates permission by Islamic law with regard to the consumption or usage of something. However, such an expression should clearly indicate that neither such a thing consists of nor contains any part of a prohibited animal according to the *Shari'ah*. Furthermore, if it is an animal, it should indicate that it has undergone a proper process of slaughtering, as required by Islamic law. In other words, *halal* is something which does not contain impure things from the *Shari'ah* perspective.

Moreover, *halal* also indicates not being in contact or close proximity with impure things from the *Shari'ah* perspective, in the course of production, preparation and storage. In the case of food stuff, *halal* would mean no impure instruments and ingredients have been used in the process of preparation and manufacturing. Therefore, from the preceding statement, it can be concluded that according to Islamic law, all foods are *halal* with the exception of swine/pork and its by products, animals that have died before undergoing a proper process of slaughtering, animals killed in the name of something or someone other than God, and intoxicants such as alcohol and liquids of similar characteristics. The predatory animals, birds of prey and land animals with no external ears, blood and its by products and foods contaminated with any of the above-mentioned items are also included among the prohibited things (Riaz and Chaudry, 2004). Foods with ingredients such as gelatin, emulsifiers, flavors and enzymes are considered as questionable (*mashbooh*) as their ingredients or components may be derived from *haram* source. Cattle and poultry should undergo the process of slaughtering which is called *zabihah/dhabiha* and is required by *Shari'ah* in case of animals and

birds (Al-Mazeedi, Regenstein, and Riaz, 2013; Khan and Haleem, 2016). Hence, it becomes clear that *halal* is a very comprehensive concept as it is not only limited to ingredients of the food but involves the whole process of preparation, manufacturing and processing.

3. SOURCES OF HALAL

From an Islamic perspective, the concept of *halal* and *haram* are not the creation of human being, no matter how pious or powerful they might be. They have their origin in divine sources namely, *Qur'an* and the *Sunnah* of the Prophet (*ṣal-Allāhu 'alayhi wa sallam*). For instance, the fact that Allāh has created all that is on the earth with the objective of human survival and sustenance in life is indicative of the permissibility of things. Therefore, nothing would be considered forbidden unless its prohibition is clearly mentioned in the Qur'anic verse or in an authentic and explicit *Sunnah* of the Prophet (*ṣal-Allāhu 'alayhi wa sallam*). This general principle of permissibility of thing is based on the Holy Qur'anic verse:

“It is He who has created all that is in the earth for you.”
(*Qur'an*, 2: 29)

From this Qur'anic verse it can be construed that the designation of something as *halal* or *haram* is the sole right of Allāh and no human being is allowed to change, based on his own whim and desire what has already been declared as *halal* or *haram* by Allāh. Thus, impurity and harmfulness constitute the underlying reason for the prohibition of things or activities (Ambali, and Bakar, 2014). However, it is not an obligation on every single Muslim, regardless of his intellectual capacity, to ascertain the exact way of the impurity and harmfulness of things, for, not everyone is bestowed with the same level of intellectual capacity. Expectation of everyone's knowledge of the exact reason of the prohibition of things would have caused huge difficulty which is beyond one's capacity, and which is not in line with the basic principle of Islam: ‘the negation of subjection of the subject of the law to a task beyond his/her capacity’ based on the Quranic verse,

“Allāh does not charge a soul except [with that within] its capacity.” (*Qur'an*, 2: 285).

This by no stretch of reason means the negation of exploring the reasons why something is *halal* or *haram*. Islam encourages those with inquisitive mind or those who are intellectually fit to delve deep into the nature of things and investigate them.

3.1 THE QUR'AN AS THE FIRST SOURCE OF *HALAL*

The *Qur'an* as a divine guidance provides several provisions pertaining to the concept of *halal* and its significance. For example, Allāh states in the Holy *Qur'an*:

“O ye who believe! Eat of the good things wherewith we have provided you, and render thanks to Allāh if it is (indeed) He whom ye worship.” (*Qur'an*, 2: 172).

In this verse, Allāh has made it clear that believers should consume from the good things which He has provided for them and they should be grateful to Him. Such behavior is considered as the characteristic of true believers. It implies that the designation of something as good means *halal*. Therefore, consumption of only permissible things should be the choice of true believers in Allāh.

Scrutiny of prohibited things reveals that such prohibition is for the safety of humanity, therefore, it has to be appreciated. Muslims should comply wholeheartedly and unreservedly with Allāh's order on prohibited and non-prohibited things. In fact, Islamic laws are universally applicable regardless of race, creed and gender. This is clear from the Qur'anic verse which states:

“O ye Messengers! Eat of good things, and do right, Lo I am aware of what ye do.” (*Qur'an*, 23: 51)

The term *halal* encompasses cleanliness and hygiene in the food preparation process, due to its being part of the religion and Allāh only allows hygienic, safe and *halal* food or products for Muslims' consumption. This is clearly highlighted in the following Qur'anic verse:

“He has forbidden you only carrion, and blood, and swine flesh and that which has been immolated to (the name of) any other than Allāh. But he who has been driven by

necessity, neither craving nor transgressing, it is not sin for him. Lo! Allāh is Forgiving, Merciful.” (*Qur’an*, 2: 173)

This verse clearly mentions what kind of food Muslims should consume and what kind of food they should avoid. The commentators of Qur’anic exegeses have substantiated the reasons for the prohibitions through clarifications of the Qur’anic exegeses. For instance, the reason carrion and dead animals are forbidden is that they are unfit for human consumption because the decaying process leads to formation of harmful chemicals in the human body. Similarly, the blood drained from animal, infested with harmful bacteria and toxins, is harmful to human beings. Some of the reasons for prohibition are highlighted in the Qur’anic verse such as the verse:

“And verily, in cattle (too) will ye find an instructive sign. From what is within their bodies between excretions and blood. We produce for you drink, milk, pure and agreeable to those who drink it.” (*Qur’an*, 16: 66)

As made clear in this verse, Islam only allows good and healthy food for its adherents to consume. For instance, milk is a complete food being rich in protein, calcium, and vitamin A and B. This advantage could only be attained from lawful animals during their life time. Such provisional advantage would not be attainable from them when they die. That is why when an animal is dead its milk becomes *haram* due to the possibility of harmful effect it might cause to human health.

Other related Qur’anic verses commanding the consumption of only what is good and *halal* are:

“This day all things good and pure have been made lawful to you.” (*Qur’an*, 5: 5)

“O ye who believe! Forbid not the good things that Allāh has made Halal for you.” (*Qur’an*, 5: 87)

This verse requires the believers to consume only permissible foods. The *Qur’an* also spells out another pertinent principle in the context, stating:

“O mankind! Eat of that which is lawful and wholesome.” (*Qur’an*, 2: 168).

Therefore, it is not the only requirement that all food products must be *halal*, but they also should fulfil another requirement which is *tayyiban* (wholesomeness) (Rokshana and Ida, 2018).

From these Quranic verses it can be concluded that the underlying objective of the *Shari'ah*, in prescribing *halal*, is the protection of human beings. Thus, any dietary item or food which may harm the human body and health is forbidden. The harmfulness of a forbidden dietary item is scientifically proven fact which no person of sound mind would deny. Allāh says:

“And make not your own hands contribute to (your) destruction.” (*Qur'an*, 2: 195)

Furthermore, Islam provides crystal clear guidelines in respect of preparation of *halal* food and its requirement. *Qur'an* states:

“O ye who believe! Eat of the good things that we have provided for you.” (*Qur'an*, 2: 172)

The phrase “good things” in this verse indicates hygienic food which is certainly good and conducive to a healthy body. Therefore, Islam beside opting for healthy and nutritious food emphasizes on the cleanliness and hygiene aspects of it as well (Halim et al., 2014). Another important inclusion to the reasons for following *halal* guidelines (besides cleanliness, health and hygiene) is the spiritual dimension (the benefits of *halal* in the Hereafter). For, not only is one directly rewarded for following Allāh’s guidelines, but *halal* consumption can also contribute to a person’s spiritual potential through improved health and longevity.

From the above mentioned Qur’anic verses, it can be derived that Islam has provided clear guidelines on *halal* food and its sources. In general, the Qur’anic guidance dictates the permissibility of all foods except that which is specifically mentioned as *haram* as is clear from the following Qur’anic verse.

“Forbidden unto you (for food) are carrion and blood and swine flesh, and that which hath been dedicated unto any other than Allāh, and the strangled, and the dead through beating, and the dead through falling from a height, and that which hath been killed by (the goring of) horns, and the devoured of wild beasts saving that which ye make lawful (by the death stroke) and that which has been

immolated unto idols. And (forbidden is it) that ye swear by the divining arrows.” (*Qur’an* 5: 3)

3.2 SUNNAH AS THE SECOND SOURCE OF HALAL

Sunnah comprising sayings, actions and tacit approval of the Prophet (*ṣal-Allāhu ‘alayhi wa sallam*) is the second source where detailed rules pertaining to *halal* and *haram* could be found. For example, the *hadith* which is the saying of the Prophet (*ṣal-Allāhu ‘alayhi wa sallam*) has addressed the concept of *halal* related to all forms of foods products and drinks for human consumption. The Prophet (*ṣal-Allāhu ‘alayhi wa sallam*) in one of his *hadith* teaches us the perfect way of slaughtering animals in order for the meat to become lawful and *halal* for consumption. One of the relevant *hadith* in this regard is the *hadith* narrated on the authority of Abu Ya’la Shahddad ibn Aus saying: The Messenger of Allāh said: “Verily Allāh has prescribed proficiency in all things. Thus, if you kill, kill well; and if you slaughter, slaughter well. Let each one of you sharpen his blade and let him spare suffering to the animal he slaughters” (Al-Muslim, 1955). In this *hadith* the Prophet (*ṣal-Allāhu ‘alayhi wa sallam*) provides us a clear guidance on how the *halal* food should be prepared. Therefore, believers should follow the guidance that the Prophet (*ṣal-Allāhu ‘alayhi wa sallam*) has provided, especially with regard to the slaughtering of the animal.

In the process of slaughtering, it is required to ensure that minimum pain is caused to the animals and the equipment used in the process is sharp enough to avoid causing unnecessary pain to the animal. It is narrated by Rafi’ bin Khadij, that the Prophet (*ṣal-Allāhu ‘alayhi wa sallam*) said to the Muslims who were about to slaughter some animals; “use whatever causes blood to flow, and eat the animals if the name of Allāh has been mentioned on slaughtering them” (Al-Bukhari, 1987). The believers should therefore exercise extra caution about modern methods of slaughtering to ensure they align with Islamic principles. Besides observing the Islamic method of slaughtering, it is also required that slaughtering of the animal takes place in clean surroundings. For example, since pork is forbidden, *halal* slaughtering must not be conducted in the vicinity of any pig slaughtering area. Feeding the animal as normal and giving it water before slaughtering are some of the other related rules which have to be taken into consideration in the interest of animal welfare (Albattat et al., 2018). Compliance with these rules and procedures facilitates a smooth running of the slaughtering process, hence reducing pain to the animal, which is a recommend act based on the *hadith* of the Prophet

(*ṣal-Allāhu ‘alayhi wa sallam*). Some of the unlawful or non-*halal* food products are also highlighted in the *hadiths* of the Prophet (*ṣal-Allāhu ‘alayhi wa sallam*) for example, Az-Zuhri narrated that: “Allāh’s Messenger forbade the eating of the meat of beast having fangs.”

From the preceding discussion of the Qur’anic verses and *hadiths* of the Prophet (*ṣal-Allāhu ‘alayhi wa sallam*), it can be concluded that the *halal* foods comprise all animals and birds not listed in the *haram* food list, all vegetables which are not harmful to human health and foods and drinks which are pure, clean and nourishing and pleasing to the taste. On the other hand, the *haram* or prohibited things which believers should refrain from include the flesh of pork, meat of dead animal which has not undergone the proper Islamic method of slaughtering and the food on which other than Allāh’s name is invoked, blood and alcohol. In addition, the meat of birds which hunt with their claws is also included in list of *haram* food.

4. THE BASIC PRINCIPLES OF HALAL

According to Al-Qaradhawi (1994), the *Qur’an* and *Sunnah* as the primary sources only provide general principles for Muslims to follow. He mentions eight of them based on which everything created by Allāh are permitted for consumption, unless there is an explicit injunction to the contrary. This general principle of permissibility of things, as mentioned earlier, is derived from Qur’anic verse which states:

“It is He who created all that is in the earth for you.”
(Qur’an, 2: 29)

Based on this Qur’anic injunction, it can be concluded that the first basic principle pertaining to food is that generally, nothing would be considered as *haram* without having a direct basis for its prohibition in the *Qur’an* and *Sunnah*. For instance, any food containing porcine or porcine sources would be regarded as *haram* due to the prohibited nature of its ingredients. Similarly, materials taken from animals not slaughtered according to Islamic method are forbidden. The same line of argument applies to the food and beverages with poisonous and intoxicating characteristics. The *Qur’an* states:

Do they have partners (with Allāh) who have prescribed for them in religion that concerning which Allāh has given

no permission? (*Qur'an*, 42: 21) "...and do you see what Allāh has sent down to you for sustenance and yet you have made some part of it halal and some part haram?" (*Qur'an*, 10:59).

It is further mentioned in the *Qur'an*:

"O You who believe! Do not make haram the good things which Allāh has made Halal for you, and do not transgress; indeed, Allāh does not like the transgressors. And eat of what Allāh has provided for you, lawful and good, and fear Allāh, in whom you are believers." (*Qur'an*, 5: 87-88)

The second basic principle is that both the uncleanness and harmfulness are the basis for the prohibition of food items. Therefore, one of the reasons, or *'illah* as projected by jurists for the illegality of consuming unclean and harmful food is the concern for the preservation of the wellbeing of the Muslims. Thus, the prohibition pertaining to the consumption of porcine derived product is due to the nature of the pig which is considered as an impure animal. This claim has been made by some Muslim scientists.

The third principle is that Islam prohibits the unnecessary things and provides better alternatives for them. For example, Islam prohibits intoxicating drinks and allows Muslims to enjoy other wholesome and delicious drinks that are not harmful to the human body and mind. Islam prohibits the unclean food and substitutes it with wholesome food which is healthier for the body. It also prohibits interest and encourages profitable trade. Likewise, it prohibits gambling and substitutes it with other forms of useful competition such as legitimate horse or camel racing. The same line of argument dictates the prohibition of the use of silk garment by men. Therefore, other materials such as wool, linen, and cotton are made permissible as alternatives for men.

The fourth principle is that if something is prohibited, its preliminary elements which are conducive to it are also prohibited. To exemplify this, we may refer to the case of intoxicating drinks. According to this principle not only the one who drinks intoxicating drinks would be considered as a sinner, but all those who are involved in the process of its production, serving and selling would be liable under this principle.

The fifth principle is the prohibition of false representation of unlawful things as lawful. Awareness of this principle is extremely

important, for, it is most likely that *halal* foods may be contaminated as a result of the production or transportation process. There is also the possibility of some deliberate act of misguiding consumers as to the actual contents or ingredients of food products in the market; thus, all these conducts are prohibited (Al-Qaradhawi, 1994; Rokshana and Ida, 2018).

The sixth basic principle pertaining to things and actions is that good intention does not make the unlawful action or things acceptable. The Prophet (*ṣal-Allāhu ‘alayhi wa sallam*) said, “all deeds-of human, will be judged in according to his/her intention, and everyone will be rewarded according to what he has intended” (Al-Bukhari, 1987). Based on this principle, it is not allowed to use *haram* means for achieving one’s goals. For example, accumulation of wealth through illegal ways such as extortion, forgery, gambling, prohibited games, and then giving it as charity would not gain a person a reward and the person will remain sinful.

The seventh basic principle in the context of *halal* is the avoidance of doubtful things. This is because lawful and unlawful are clearly mentioned in the *Qur’an* and *Sunnah*; in between these two are certain things which are doubtful. They should be avoided out of concern for safeguarding one’s religion and honor. For, not avoiding them one may possibly impinge on the boundary of *haram*. Therefore, the avoidance of doubtful things is of extreme importance in safeguarding one’s religion and honor. Although, as mentioned earlier in the first principle, all things are presumed to be permissible in the absence of clear cut evidence to the contrary, yet there may exist a grey area between a clear *halal* and a clear *haram*. This is the area called doubtful due to the inability of some people in deciding whether it is permissible or forbidden. Thus, the confusion raised here could be attributed either to doubtful evidence or doubt concerning the applicability of the relevant text to the particular circumstance or matter in question. In such a situation the avoidance of doubtful thing is considered as an act of piety in order to stay clear from *haram*. This is in tune with principle of blocking the means where the permissible means are forsaken due to their conduciveness to impermissible ends.

The eighth basic principle in the context is the principle of necessity removes restrictions. This principle is in fact the offshoot of the legal maxim; “Necessities renders prohibited things permissible” (Ismail and Habibur Rahman, 2013). The implication of this principle is that in a life-threatening situation, Muslims are permitted to consume forbidden food in order to survive. This principle is derived from the Qur’anic verse “...Allāh desires ease for you, and He does

not desire hardship for you....” (*Qur’an*, 2: 185). As can be observed from the above discussion, the *Qur’an* and *Sunnah* have already outlined the basic guidelines for permissibility and impermissibility of food items. They are however, basic at best, and with the passage of times and technological developments, many food products and processes may not directly come under the purview of prohibition or permission due to the novelty of their nature. Therefore, these general principles could serve as a source of reference in the light of which solutions to new issues and problems could be sought.

5. HYGIENE AND SAFETY AS THE CHARACTERISTICS OF *HALAL* FOOD

Islam lays extreme emphasis on hygiene in the context of *halal* on the physical aspect, clothing, instruments and the working premises where foods, beverages and products are processed or manufactured. The objective is to ensure the food, regardless of its forms and types, produced is safe for consumption and hygienic, and does not pose any risk to human health. According to the World Health Organization, “Hygiene refers to conditions and practices that help to maintain health and prevent the spread of diseases.” Therefore, in the context of *halal*, hygienic food, drinks and products could be described as being free from any element which is *najis* (dirty) by its nature, or is free from being contaminated with harmful germs (Ambali and Bakar, 2014). It underscores the significance of hygiene as an essential element of *halal* concept in the context of food related matters. Thus, safety and cleanliness constitute the crucial characteristics of the *halal*. It is due to these characteristics that *halal* has gained increasing acceptance among not only Muslims but also among the non-Muslim consumers.

Consequently, concern for *halal* food does not remain within the realm of religious compliance only; it goes beyond mere religious obligation and has become a world-wide market phenomenon, attracting increasing interest from both Muslim and non-Muslim alike (Elasrag, 2016). Thus, the food or any other products carrying the label “*halal*” will be seen as the guarantee of the permissibility of the product for the Muslim as well as the global symbol for quality assurance. This is evident from the large scale acceptance by non-Muslim countries and organizations where *halal* is fast emerging as the standard of choice. The food, drink or any other products would be considered hygienic and safe when it does not cause harm to the consumers. In order to enhance safety in respect to food, producers

should comply with Good Manufacturing Practice (GMP) and Good Hygiene Practice (GHP). Good Manufacturing Practice implies the combined application of manufacturing and quality control procedures by producers in ensuring that their products are manufactured in accordance with specifications and *halal* prescriptions provided by *halal* certification agencies. In Malaysia, the Codex General Principles of Food Hygiene and the Malaysian Standard MS1514 is used in hygiene practice to ensure food hygiene (Sumali, 2009). These principles have gained international recognition; therefore, they could be used together with other suitable codes of hygienic practice provided in the *halal* certification process by JAKIM (the Malaysian Islamic development department).

Accordingly, the concept of *halal* as a divine ordinance should be seen from a broader perspective. It covers all aspects of human life, hence giving a better and insightful meaning. Therefore, from the perspective of its quality, *halal* connotes total goodness of the subject of consumption or the goods used daily. This means to the Muslims the food must not only be of good quality, safety and hygiene but should also be *halal* (Hayati et al., 2008) because Islam permits its adherents to consume the lawful, hygienic, safe and good foods and products. The observance of the *halal* concept in the context of consumption serves two purposes. The first one is the fulfillment of one's obligation to Allāh the Almighty by following His commandments pertaining to the consumption of permissible things. And the second one is the avoidance of harmful material and ingredients, which are not conducive to good health. That is why Allāh (swt) has permitted only good things for human existence. Hygiene, safety and cleanliness constitute integral parts of the *halal* concept and therefore, they are extremely emphasized in Islam. It embodies every aspect of the human being ranging from personal aspect, dress code, equipment to the venue where the food is processed or prepared. Thus, it can be concluded that hygiene and health are the primary objective of the *halal* concept. The underlying purpose behind compliance with the *halal* requirement is to ascertain that the foods and the *halal* products are absolutely clean and harmless.

In sum, Muslims are required, before consuming any food or product, to ascertain that their ingredients are *halal* and clean, and the handling process and packaging of consumable product is in line with *Shari'ah* requirements. In other words, foods, drinks and other consumable products will be considered *halal* if the raw material used in making them and the process of their manufacturing is fully *Shari'ah* compliant.

6. SCOPE OF HALAL

Halal is a multi-dimensional concept and covers a large spectrum of activities. According to Al-Ghazali (1998) and Al-Qaradhawi (1994), *halal* covers all major sources of derivation of human food such as animals, plants, natural materials, chemicals and microorganisms. It also includes the elements from 'biotechnology' used in food production and other goods of personal use, such as clothing, toiletries and cosmetics. Thus, viewed from a broader perspective, *halal* can be construed to mean something which consumption and use by human being is permissible from the point of view of Islamic law.

Permissibility or halalness alone is insufficient with regard to food products. It must also fulfil the condition of "goodness" (*tayyiban*) which connotes cleanness, safety and quality. This is because the finished food products involve a long process, ranging from ingredient selection, preparation of materials, manufacturing, production, storage, transfer and distribution, until its being served to the consumer. Thus, the whole network starting from its source to the finished product should fulfil both aspects of halalness and goodness. (Soraji et al., 2016). Due to the rapid development of *halal* industry and its global recognition there is an urgent need for widening its scope to encompass various aspects of consumer goods. The *halal* industry has seven key sectors: food services, consumer goods, financial service, pharmaceutical goods, cosmetics products, *halal* logistics and tourism. The seven key areas of the *halal* industry could be narrowed down to four major segments, comprising food and beverage, pharmaceutical and health products, cosmetics, and tourism and travel services. The financial service sector is not dealt with in this article due to lack of space. The following section is dedicated to discussion on the major segments of *halal* industry.

6.1 FOOD AND BEVERAGES

Food and beverages constitute the major segment of the *halal* industry. The scope of *halal* food products is not limited to meat and poultry only. It extends to other food items such as confectionary, bakery products, canned and frozen food, dairy products, organic food, beverages and herbal products. The wide range of food products and their variety could be attributed to the changing lifestyle and increase in purchasing power of Muslim consumers. This has led to the widespread demand for prepared packaged foodstuffs which are easily available in convenience stores and which conform to Islamic dietary

laws. Another growing sector of foods is represented by substitutes for food products that traditionally contain non-*halal*, prohibited, ingredients such as pork gelatin or alcohol. Yogurt, biscuits, and chocolates are examples of this type of products which have to be modified and made *Shari'ah* compliant, hence marked as *halal*. *Halal* food seemingly may be similar to other food but what distinguishes it from non-*halal* food is that its ingredients are approved by Islamic law. Also the techniques and method of its processing and handling from the beginning to the end are *Shari'ah* compliant (Selvarajah et al., 2017).

Food and beverages constitute the largest segment of the *halal* industry the demand for which is globally on the rise. According to the State of the Global Islamic Economy Report (Reuters, 2015) Muslim consumer expenditure reached \$ 1,128 billion, equivalent to 17% of total expenditure on food and beverages. The report estimated the overall global expenditure on food and beverages during the same period to have reached \$6,755 billion in 2014, hence making the Muslim food market equivalent to 16.7% of the whole global food and beverages market. Comparing this figure to the previous year 2013, an increase of 4.3% could be observed. This means the total amount spent by Muslims on food and beverages in 2013 was \$1,081 billion. A further growth in food and beverage consumption by Muslims is anticipated globally. It is estimated to reach \$1,585 billion by 2020, hence accounting for 16.9% of global expenditure on food and beverages, thus, representing a growth of 5.8 % (Elasrag, 2016).

Based on the 2014 estimation, Indonesia tops the list of the Muslims countries for consumption of food and beverage (estimated at \$158 billion). Turkey takes second place (estimated level of food consumption at \$110 billion), followed by Pakistan (estimated at \$100.5 billion) and Iran (\$59 billion). Geographically non-OIC member countries, constitute 16% of Muslim food consumption. This shows a constant success of the '*halal* food market across different cultures and continents. An example of the success story of the *halal* food across different culture and geographical situation is Nestle Malaysia, whose 'Halal Centre of Excellence' has attained the status of the biggest producers of *halal* products globally. Similarly, Saffron Road with its *halal* and organic produce in the United States of America has attained a good reputation hence presenting a good model of success in *halal* entrepreneurship for both Muslims and non-Muslims. Therefore, the *halal* food sector represents a major source of growth in the Islamic and global economy.

Three major factors have contributed to the emergence of *halal* industry as the most lucrative and influential marketplace globally. First is the worldwide growing increase in the population of Muslims. This is evident from the United Nations statistics that recorded 6.4% annual growth of the Muslim population worldwide, whereas, it has recorded the growth of Christians population at 1.4% which is far less than the Muslim population growth rate (Soraji, et al., 2016). Thus, based on this statistic, Muslims present a huge consumer market for *halal* products. Second is the increased income level of the Muslim community following the recent increase in the number of affluent Muslims. This has brought about change in the mindset of the Muslim consumers as well as ethical consumers hence triggering the *halal* industry to expand further into lifestyle products, as well as *halal* travel and hospitality services and fashion. Third is the expected future increase in demand for food by more than 70% by 2050. This indicates the persistence of a strong demand for *halal* food in the future. This is conceivable from the current trend in the world *halal* food business as over the past decade it has grown to \$667 billion, hence representing up to 20% of the entire world food industry.

Food economists forecast a stronger role for *halal* food industry as a market force in the near future. This could be attributed to four prevalent trends. The first is the fast pace of the spread of Islam in the world which has boosted the demand for *halal* products. This is crystal clear from an estimated 16% annual increase in the consumption of *halal* products. Second, the rising trend of consumption of *halal* food and products by the non-Muslims due to ethical and safety considerations. An example of this rising trend among the non-Muslim is that of United Kingdom, where the Muslim population reaches over 2 million and yet the number of *halal* meat consumers has reached 6 million. The same trend of increase in the number of non-Muslim Dutch consumers of the *halal* food is evident from the total expenditure of \$3 billion on an annual basis. Both of the two factors have propelled the *halal* products to greater popularity hence acquiring the status of mainstream consumer goods. The third factor leading to the emergence of *halal* consumers as a market force is the increase in the Muslim population and their rising purchasing power. The fourth factor is the greater level of ‘awareness among Muslims’ on the necessity of consuming only *halal* food. An example of the increased level of awareness among Muslim consumers is the ‘rapid rise in annual sales of *halal* food throughout Russia’ with 30% to 40% annual growth of demand for *halal* products (Elasrag, 2016).

However, *halal* market is facing some challenges. Among some of its obvious challenges are; continuing struggle for *halal* food standards, and accreditation which necessitate more education regarding the topics in OIC countries. The other challenges that *halal* industry is faced with are the recent ban on *halal* and Kosher slaughter in Denmark, and the scare stories about *halal* food spread by media. However, despite *halal* market's growing global potential, Western media with its tremendous efforts in this regard influenced public attitude negatively. Ill feeling toward the Muslims and their culture was generated which eventually led to slowing down of the *halal* market growth (Elasrag, 2016; Reuters, 2016). This posed a huge challenge to the *halal* industry. Therefore, to overcome the problem *halal* industry players should devise appropriate measures to remove the misconception and bias about the Muslim culture, hence safeguarding the growth and development of the *halal* industry.

6.2 PHARMACEUTICAL AND HEALTH PRODUCTS

Pharmaceutical products constitute another major segment of the *halal* industry. The need for *halal* pharmaceutical products is stimulated by the growing awareness among Muslim consumers about the significance of the *halal* concept, and their meticulous concern about what goes into their bodies. This has led to the growth of the *halal* pharmaceutical products market that reached \$83 billion in 2016. This indicates a six percent increase over the previous year. A further eight percent annual increase is expected which could reach \$132 billion by 2022 (<http://mihas.com.my>). In response to the increasing demand for *halal* pharmaceutical and health products, some companies have taken the initiative of producing *halal* pharmaceutical products. One of the pioneering companies, which is the largest pharmaceutical company in Malaysia, has invested RM100 million to make *halal* vaccines. By spearheading innovation in *halal* pharmaceutical products and investing enormously in developing *halal* vaccine, it becomes the world's first *halal* vaccine manufacturing center, hence producing and exporting *halal* vaccines around the world.

Based on the State of the Global Islamic Economy Report (Reuters, 2017), the United Arab Emirates (UAE) has been identified as the best country in terms of having developed Islamic economy for *Halal* pharmaceuticals and cosmetics. Singapore and Malaysia come after United Arab Emirates. This is mainly with regard to the four criteria – trade, governance, awareness and social.

Halal pharmaceutical industry has witnessed a number of significant developments within the last two years. One of these developments was the issuance of the world's first *halal* license for prescription of medicine by Malaysia's religious authority, JAKIM, to Chemical Company of Malaysia (CCM) last year (Halal Focus, 2017). Indonesia, a neighboring country, is also trying to make the production of *halal* products mandatory this year. Emirates Authority for Standardization and Metrology (ESMA) is also moving in the same direction by making it compulsory for all imported products to be certified as *halal*.

From among the *halal* pharmaceuticals, *halal* nutraceuticals have been recognized as the major growth sector with the potential for further development given the support by patients and strategic investment. This goal could be achieved through the adaptation of vigorous marketing strategies and investment by both financial and corporate entities (Elasrag, 2016).

Vigorous researches are needed for developing new *halal* pharmaceuticals products, hence developing a viable business model. This should be followed by an enhanced ability of marketing these products on a larger scale to a broader range of consumers. Investing more capital in research and development is also of crucial importance to expand manufacturing capabilities and hence, venturing into new markets. Multinational companies can play pivotal role in the sector by providing *halal* pharmaceutical products to customers globally. However, developing the *halal* pharmaceutical products has its challenges as is the case with any other innovation in any industry. According to the experts, the main challenge in the sector is the limited focus on *halal* as a proposition and no concerted efforts being taken to address the challenges faced by the sector, hence limiting its growth and constraining it as a niche.

Consequently, due to a critical life-saving role that *halal* pharmaceuticals can play, especially with regard to the children and due to the concern by the Muslims about the ingredients in vaccines, AJ Pharma has embarked on efforts at making the world's first non-animal origin vaccines. The conventional sector did not address this challenge. This provides a window of opportunity for investors to tap into the latent potential of this sector. It is also their social obligation to address the challenges faced by the industry, not only for boosting their business but also for enhancing the *halal* industry and providing more *halal* pharmaceutical products.

6.3 COSMETICS PRODUCTS

Cosmetic products constitute another segment of the *halal* industry. Cosmetics are substances or products used for enhancing or modifying the facial outlook of human being or changing the fragrance and surface of the body. They are not meant for consumption but are designed for application to the body and face. The *halal* cosmetics market has grown considerably due to the rising level of consumer knowledge regarding the ingredients used and the awareness of the nature of the cosmetic products themselves. Social networking has played a major role in creating consumer awareness of various cosmetic products (<http://majlisglobal>; Elasrag, 2016). Due to this awareness, in recent years, the demand for *halal* cosmetic products has increased, and companies worldwide have responded positively to this. *Halal* cosmetics have gained popularity since 2013. And the values of its sales revenue is estimated to exceed \$60 billion within the next 5-10 years globally. *Halal* cosmetics implies that their ingredients are pure and derived from clean source. It also implies that the method of its manufacturing is fully *Shari'ah* compliant and does not involve animal testing and animal cruelty.

At present the *halal* cosmetic market, constituting 11% of the total global *halal* industry, comes next in terms of growth and size to the lucrative *halal* food sector. Analysts consider the emerging *halal* cosmetic and personal care products market to be driven by a professional and dynamic Muslim population who are comparatively young and have high religious consciousness. Thus, *halal* cosmetics can be defined as the beauty and personal care products produced from permissible substances and the entire process of its manufacturing, storing, packaging and delivery is in conformity with *Shari'ah* requirements. Interestingly, there is a growing tendency even among the non-Muslims consumers to use *halal* cosmetics not due to religious compliance but due to eco-ethical consciousness. This is manifest from their willingness in paying a premium for organic, natural and earthy cosmetics products that suit their contemporary lifestyle. (Elasrag, 2016).

Consequently, rise in the demand for *halal* cosmetics in the Middle East and Asia has led to a flourishing market for *halal* cosmetics. Throughout the Middle East, *halal* cosmetics have recorded annual growth rate of 2%. Its sale revenues have reached \$12 billion. Similarly, interest in the *halal* cosmetics market has grown across Asia, especially in Malaysia and Indonesia. The same tendency

could be noticed in the European market. The contribution of the *halal* cosmetic products in Malaysia is estimated at 10% – 20% of the local cosmetics market. Ironically, the companies offering *halal* cosmetics products internationally are owned by non-Muslims. This poses a serious challenge with regard to the halalness, permissibility of the ingredients of cosmetic products produced by them. However, if they are certified by accredited agencies as *halal* this issue should not arise.

As the cosmetics product market is monopolized and dominated by non-Muslim companies, many of their products either contain alcohol or are sourced from animals which are considered impure by Islam. For example, some of the cosmetic products contain gelatin and collagen which are mostly derived from pork. This has led to the rise in demand for gelatin- or fat- or alcohol-free cosmetic products by Muslim and non-Muslim consumers. Thus, *halal* cosmetics are the cosmetics in which ingredients are derived from permissible animals slaughtered in accordance with Islamic method. In addition, it must be cruelty free (not being tested on animals in a cruel way). *Halal* label could play a significant role in making the *halal* cosmetics and personal care products more appealing to consumers. Despite the novelty of the concept of *halal* cosmetics in the Muslim world, they are highly demanded especially by those conscientious consumers who are more selective in their choice of personal care items. These consumers prefer spending money on cosmetics and beauty products compatible with their religious and cultural requirements.

6.4 TOURISM AND HOSPITALITY SERVICES

Tourism and travel is another sector or industry where the concept of *halal* can play a significant role. The current tourism trend has given rise to the demand for Islamic hospitality and services or *halal* tourism. *Halal* tourism means the provision of hospitality services which conform to Islamic belief and practices. Among the services that have gained popularity in the tourism industry is the provision of *Shari'ah* compliant hotels. The demand for *Shari'ah* compliant hospitality services is stimulated by a few factors from among which are; the increased number of Arab and Muslim tourists, their increased income level which has made travelling as part and parcel of their daily life (Elasrag, 2016; Nur Hidayah, et al. 2015). *Halal* tourism involves provision of hospitalities that are Muslim friendly or *Shari'ah* compliant. This involves the provision of *halal* food and

alcohol free beverages, separate swimming pools, spa and leisure activities for ladies and gentlemen, prayer room, *Qur'an*, prayer mats, signs indicating the direction of Ka'bah, women-only beach area with Islamic attire, Muslim staff and no impermissible entertainment such as nightclubs (Elasrag, 2016; Henderson, 2010; Jurattanasan and Jaroenwisian, 2014; Nur Hidayah, et al. 2015).

The concept of *Sharai'ah* compliant hotel was first introduced in the Middle Eastern countries. The nomenclature was coined by the hotel operators to cater for the need of customers with high religious sensitivity. The main driving force behind the introduction of *Shari'ah* compliant hotels, as mentioned earlier, was the increased number of Muslim and Arab tourists and their growing purchasing power. According to some statistics by 2020 the Muslim tourist's expenditure is expected to rise to more than 13% of the whole world spending on tourism industry. Therefore, *halal* tourism has a great potential of becoming the mainstream tourism industry, hence developing as part of the global *halal* market. The *halal* tourism industry accounts for 12% or \$126.1 billion of the whole world tourism market value. Its growth rate of 4.8% is higher than the global average of 3.8%. Based on research, Muslim travelers spent \$126 billion in 2011 only. This figure is expected to reach \$419 billion by 2020. *Halal* tourism has flourished because of high demand by the Muslim travelers intending to enjoy full holiday services in line with their religious and cultural requirements. In response to this trend, some countries offer Muslim friendly facilities and accommodation in line with the Muslim tourists' religious beliefs.

Malaysia, Turkey and Egypt being predominantly Muslim countries top the list of the countries which have attracted Muslim tourists, hence becoming Muslim tourists' favorite destinations. Recently, non-Muslim countries such as Australia, Singapore and France seeing a great deal of opportunities in hosting Muslim tourists adapted *halal* certified food outlets, thus becoming the preferred destination for Muslim tourists. However, Malaysia has been considered to be leading the way in promoting *halal* tourism. This is clear from her ability of attracting Muslim tourists from all over the world, particularly from the Middle East (Elasrag, 2016). According to a recent survey, Malaysia occupied the first place from among the top 10 countries in respect of providing *halal* friendly tourist destination in the world. This ranking was based on the provision of *halal* food, *halal* friendly accommodation and prayer facilities.

Subsequently, Muslim tourists or travelers constituted an attractive segment of the tourism industry as they account for 11 percent of the global outbound travel spending in 2014 with an estimated value of \$142 billion in total. In 2013, in contrast, Muslim expenditure on travel was valued at only \$134 billion (so the increase was 6.3%). Muslim tourist spending on overseas destinations is expected to reach to \$233 billion by 2020 (Elasrag, 2016).

In short, *halal* tourism offers great opportunities for hosting countries in terms of business and revenue increase. There is an urgent need for understanding the unique requirement of the Muslim travelers which will ultimately benefit the different players in the industry such as hotels, travel agencies, restaurants, airlines and any travel linked entity. The untapped Muslim travel market has great potential for industry players offering a wealth of business opportunities and revenue streams. There is a need for continuous exploration of Islamic tourism to unleash further opportunities, hence contributing to the country's GDP and global economy.

7. CONCLUSION

The main ideas emerging from this study are that there is increasing consciousness among Muslims and even non-Muslims on the *halal* wholesomeness of food, beverages, cosmetics, medicine including services provided by tourism destinations. Accordingly, the Islamic concept of *halal* and *haram* underlining the significance of cleanliness, hygiene, safety for health and purity of both the raw materials and the end-products in the *halal* industry have led to the rise in demand for *halal* products and services in our time. Corporate bodies both within and outside Muslims countries have been vying for dominance, and *Shari'ah* regulatory bodies are out to ensure *Shari'ah* compliance of such things in the market. Nevertheless, as technological development in the field of food, cosmetic, pharmaceuticals and beverage manufacturing continue to unfold, and marketing strategists enter into more intense competition to control markets, in this context, it is imperative for Muslims to be more proactive not only to tap this market but also strive to ensure that the *halal* industry really remains *halal* and not artificially seem to be so. Furthermore, it is incumbent on Muslim policy makers to devise stringent measures to curb the negative effects of the intense competition in *halal* market on the integrity of *halal* products, hence ensuring their compliance with *Shari'ah*.

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