

**CHALLENGES FOR HALAL CERTIFICATION  
PROCESS TOWARDS INTELLECTUAL  
PROPERTY (IP) PROTECTION IN  
THE FOOD INDUSTRY**

**YEO AN HUAT**

**UNIVERSITI TEKNIKAL MALAYSIA MELAKA**

**CHALLENGES FOR HALAL CERTIFICATION PROCESS TOWARDS  
INTELLECTUAL PROPERTY (IP) PROTECTION IN THE FOOD  
INDUSTRY**

**YEO AN HUAT**

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**APPROVAL**

“I hereby acknowledge that I have read this works and in my opinion this works is sufficient in terms of scope and quality for the submission and award of a Bachelor Degree of Technopreneurship with Honours”

Signature : .....

Name of Supervisor : DR. NORAIN BINTI ISMAIL

Date : .....

Signature : .....

Name of Panel : PN. RAJA HUDA BINTI RAJA SEHAR

Date : .....

## DECLARATION

“I hereby declare that this thesis entitle ‘CHALLENGES FOR HALAL CERTIFICATION PROCESS TOWARDS INTELLECTUAL PROPERTY (IP) PROTECTION IN THE FOOD INDUSTRY’ is my own work expert for the quotations summaries that have been duty acknowledged”

Signature : .....

Name : YEO AN HUAT

Date : .....

## DEDICATION

This research project is dedicated to my parent who always support and provide me with caring and concern during my life in the university. I also dedicate it to my sibling and my friends for their contribution and fully support me to success in my studies in University Teknikal Malaysia Melaka (UTeM). In addition, I want to thanks to my PSM supervisor, DR. Norain Binti Ismail for her fully supervision, guidance and teaching along the whole project. I also want to thanks to my PSM panel, Pn. Raja Huda Binti Raja Sehar for the advice in my research and thanks to all the lecturers, staff in UTeM.

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## ABSTRACT

This study paper attempts to review the challenges of obtaining a Halal certificate in the food industry in Malaysia. Looking at the current world scenario, Halal food product receive a very high demand due to the increase of the Muslim population which is around 2 billion. However, Halal food products are not confirmed Halal if the food manufacturers are not pass the halal certification process. In this study, the researcher will conduct the case study in qualitative research method, which included the in-depth interview to identify the related and challenges for Halal certification process towards intellectual property (IP) protection in the food industry. On the other side, the researcher will propose the mechanisms and the best practices to improve the effectiveness of the Halal certification process.

Keywords: Halal, Halal certification, Halal certification process, Challenges for Halal certification, food industry

## ASTRAK

*Kertas kajian cuba untuk mengkaji cabaran untuk mendapatkan sijil Halal dalam industri makanan di Malaysia. Memandangkan senario dunia semasa, produk makanan Halal menerima permintaan yang sangat tinggi disebabkan oleh peningkatan penduduk Islam iaitu kira-kira 2 bilion penduduk Islam. Walau bagaimanapun, produk makanan Halal tidak disahkan Halal jika pengeluar makanan tidak lulus dalam proses pensijilan halal. Dalam kajian ini, pengkaji akan menjalankan kajian kes di dalam kaedah penyelidikan kualitatif, termasuk wawancara mendalam untuk mengenal pasti berkaitan dan cabaran untuk proses pensijilan Halal terhadap perlindungan harta intelek (IP) dalam industri makanan. Di samping lain, pengkaji akan mencadangkan penyelesaian dan amalan terbaik untuk meningkatkan keberkesanan proses pensijilan Halal.*

*Kata kunci: Halal, pensijilan Halal, proses pensijilan Halal, Cabaran untuk pensijilan Halal, industri makanan*



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## CHAPTER 1

### INTRODUCTION

#### 1.1 Background of Study

Nowadays, Malaysia is a respectable Islamic country, progressive and highly regarded by other Islamic countries. The development of Malaysian halal industry that successfully ventures in the international halal market, especially in the food sector has raised the name of Malaysia. Furthermore, the present demand for halal market is expected to increase due to the increasing growth of population that reaches two billion people with 57 countries in the world are Muslim majority (Omar 2014). This figure is expected to grow by 35% from 1.6 billion in 2010 to 2.8 billion in 2050 (Michael L. & Conrad H., 2015). It is estimated that the potential value for the global halal food market contributes US\$560 annually (MIDA, 2015).

Looking at the current world scenario, the Halal industry has gain interest all over the world, not only from Muslim countries, but other countries as well (Asnidar

Hanim Yusuf, Syadiyah Abdul Shukor & Umami Salwa Ahmad Bustamam, 2016). Halal products become more popular not only in Malaysia, but also in the world market today (Ngah, Zainuddin & Thurasamy, 2014). Muslim and non-Muslim consumers all over the world are interested to purchase Halal product because it clarifies that the food preparation and final product is safe and hygiene to be consumed (Anir, Nizam & Masliyana, 2008). Therefore, halal product is a safety and clean food products which is manufacturing by the halal food industry.

In many South- East Asian countries, halal has specific legal status(Evans & Syed 2015). Moreover, the United Nations has cited Malaysia as the world's best example of benchmarking of halal food in accordance with the Codex general guidelines in 1997 affirms Malaysia's leading role in the global halal food industry(Abdul Manaf et al. 2013). In Malaysia, the Trade Description Act was amended in 2011 to state that only the official Malaysia halal logo was allowed for domestic products and all the imported halal products can only carry a logo from a Jabatan Kemajuan Islam Malaysia (JAKIM) approved certifier. In addition, the concept of the halal refers to the manner of producing goods and services in the manner approved by the Islamic law(Abdul Manaf, Cheng & Nurwahida, 2013). Therefore, the researcher point out that the halal has the specific legal status in Malaysia.

Issue of halal certification is starting to get attention in the global market and it is very influencing in marketplace not only in Islamic countries only. For example, the US pretzel chain Auntie Anne's was changed the name of "pretzel dog" to "pretzel sausage" because of the requirements set by the Malaysia's halal authorities (Halal Focus, 2016). According to the third industrial master plan (IMP3), initiatives to capitalise upon the potential growth of the global market for halal products and services are undertaking by major food manufacturers and exporters. Thus, the researcher discover that the issues and problems of the halal certification is getting the attention by the public sectors and private sectors.

Therefore, the development of halal food industry in Malaysia shows a great potential in terms of increased profitability through business opportunities that can be explored in global market for halal products(Ismail, Othman, Rahman, Kamarulzaman & Rahman, 2016). In addition, a study conducted have proven that entrepreneurs who registered intellectual property (IP) protection can increase the

market value of the products and able to get the opportunity into the global market and able to get profitable returns(Omar 2014). In this review, the researcher point out that the halal certification marks can be one of the IP protection for the food manufacturers while the halal products can increase the income of the country through exporting halal products.

## 1.2 Problem of Statement

In Malaysia, halal certification is increasingly becoming an important issue for the halal food manufacturers and suppliers due to the marketing factor, such as the rising fake halal products in Malaysia. Issues of using the fake halal logo in Malaysia because of the requirements in getting the halal certification from JAKIM, food manufacturer should follow the requirements set by halal authorities and the guidelines of halal assurance management system. However, there are some of the ingredients suppliers could not provide any Halal certificate to the food manufacturers. For example, the food manufacturers need to resubmit the documents to JAKIM because the food manufacturers fail to prove the ingredient take from suppliers are issue with halal certificate. Therefore, halal certification process can be very complex and challenges for those who are lacking the knowledge about the ICT, production, management and Halal concept.

In addition, halal certification is becoming another problem of halal where the local food manufacturers still utilize the same halal certificate even though the halal certificate is expired. Besides that, the food manufacturers were not aware that the halal certificate is expired or they refuse to renew it. Besides that, the halal certificate is valid for 2 years and it is difficult to renew the halal certificate since it costs money and time. Therefore, it need money and time to repurchase the halal certificate and requires rigorous and details process to renew the halal certificate.

Besides this, the lack of enforcement by the JAKIM personnel in monitoring the usage of certified halal logo has caused the public to question the validity on some of the products or services claiming to be halal. Therefore, there are some business owners use fake halal logo to attract customers. For example, a company

selling hair care products using a fake halal logo in Malaysia. So, the most companies are practicing label the halal logo on their products in order to gain the confidence from Muslim consumers.

Furthermore, the problems of the food manufacturers include inadequate understanding the halal procedures, incomplete documents and submit wrong information to JAKIM. This is because the Halal certification applier needs go to the halal website and then go through the recognition procedure, download the form, fill in the required information and send the necessary supporting documents to the JAKIM. Even through the halal application process is post in the halal website but there are a lot of people still lack of knowledge to manage the halal assurance management system.

Thus, all the government agencies and private sectors should work together to overcome the challenges for halal certification towards IP protection in the food industry. Government agencies should work together to encourage, monitor and supervise all the food manufacturers in order to help food manufacturers solve the challenges. Therefore, JAKIM should encourage all the food industry to apply halal certificate in order to make Malaysia as global halal hub.

Hence, in this research paper has three objectives, first to investigate the halal certification process in the food industry. Second, this research paper seeks to identify the challenges for halal certification process towards IP protection in the food industry. And finally, this research paper will look into some mechanisms for halal certification towards IP protection in the food industry.

### **1.3 Research Objectives**

The main objectives of this study are:

1. To study halal certification process in the food industry.
2. To study challenges for halal certification process towards intellectual property (IP) protection in the food industry.
3. To recommend the mechanisms for halal certification process towards intellectual property (IP) protection in the food industry.

### **1.4 Research Questions**

This study therefore seeks to answer these research questions:

1. What is the halal certification process in the food industry?
2. What is the challenges for halal certification process towards intellectual property (IP) protection in the food industry?
3. What mechanisms for halal certification process towards intellectual property (IP) protection in the food industry?

### **1.5 Scope**

The scope of this study is to investigate the challenges for halal certification process towards local food products in the food industry. To look at these challenges, this study specifically in Sungai Rambai Melaka and Merlimau Melaka. According to the Utusan (2016), chairman of the committee on agriculture and entrepreneur development minister, Datuk Hassan Abdul Rahman mentioned that Sungai Rambai as a new growth centres intensified with the development of the south gate of the city

of culture will implement the various components and characteristics of culture in Malaysia. So, the researcher believe that the respondents from the Sungai Rambai, Malacca will provide more detail information. Moreover, the respondents will be selected in this study is related and involve to the halal certification process. Hence, the target respondents for this research will be from private food manufacturing company in Sungai Rambai Melaka and Merlimau Melaka. Four respondents will be those manager from private food manufacturing company in Sungai Rambai, Melaka. Another one respondent will be selected from private food manufacturing company in Merlimau Melaka. Therefore, total five respondents will be providing the primary data for this research.

## **1.6 Significance of the study**

The aim of this research study is to investigate and determine the challenges for halal certification towards local food products in the Melaka area. Then, this study will benefits to the food manufacturers and entrepreneurs with understand the challenges for halal certification towards local food products in Melaka. Therefore, the food manufacturers and entrepreneurs can develop a new strategy for purpose to register and renew their products.

Moreover, this study can provide as a guideline to the government agencies to create a new guideline for halal certification process. There are laws and regulations that apply to the halal certification are not enough effective. Since, guidelines for halal certification are not enough effective, the government agencies will consider to strengthening the guidelines for halal certification in future. Thus, this is important for government agencies to strengthening the guideline for halal certification in the food industry.

Furthermore, this study can help the scholars and academic researchers to understand the challenges for halal certification towards local food products in the food industry. For scholars and academic researchers, the study may be resourceful in providing to the researchers and consumers in the future. This is because this study can be a reference for scholars and academic researchers.

### **1.7 Limitation of the study**

In this research paper, there are several limitations has been identified. Firstly, this research is focused on Malacca area with specific location, choose for examining the challenges for halal certification process towards IP protection in the food industry. The limitation would be the lack of cost or budgets and duration of time to conduct this research. Second, the researcher assuming the respondents answers with logical and honestly that variety of category respondent will be taken to ensure this research become more precise and reliable. Thus, the qualitative method will be applied as a research strategy in this case.

### **1.8 Summary**

The focus of the present study is to examine the challenges for halal certification process towards IP protection in the food industry. In this chapter, it clearly explains about the research objectives, research questions, significance and limitations of the research. This research will be carried out to determine the halal certification process, challenges for halal certification process and mechanisms for halal certification towards IP protection in the food industry.