

## Is Halal Certification Process “Green”?

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### ABSTRACT

*These days, the environmental perspective on operations is becoming more common. In fact, any effort in improving efficiency in the organization is closely related to sustainability of our environment. The Environmental Management System (EMS) certification such as ISO 14001 has been accepted as the world standard. In addition to these ISO standards, there are other certifications such as Halal certification. There is no research that investigates the relationship between Halal Certification process and its effect on our environment. Hence, our main research question is that is Halal Certification process can be considered as environmental friendly? In this paper, we argue that Halal Certification also contributes towards green initiatives. We used EDC-UUM as our case study. EDC-UUM is actively seeking the Halal certification from Malaysian authority agency or JAKIM. In this study, we assessed the perception of the EDC-UUM staff on the issue of going green. The findings and implications are discussed in the paper.*

*Keywords: halal certification, hotel operations, sustainability, green*

### 1. Introduction

Environmental perspective on operations is becoming one of the main concerns of many organizations these days. This fact has driven the growth of research related to green management (Myung et al, 2012; Lu and Nepal, 2009). The concept, however, is still relatively new and that has resulted to simple to complex interpretations by practiced organizations [3]. Moreover, the terms may come in different forms such as green technology, going green, sustainable development, and environmental and eco-friendly. Even though the terms may differ, they have one common mission that is to protect the earth from wrongdoing of human behaviour for our future generations.

The negative impact of human behaviour is the central issue in green management. All human activities must be managed carefully without taking for granted about their consequences and to the welfare of the environment. Despite the challenges to define green management, many previous scholars have attempted to provide an exact definition for green management. For instance, after a comprehensive review of literature, the following definition of green management was proposed.

*“Green management is the organization-wide process of applying innovation to achieve sustainability, waste reduction, social responsibility and a competitive advantage via continuous learning and development and by embracing environmental goals and strategies that are fully integrated with the goals and*

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*strategies of the organizations*” (Haden, et al, 2009).

In the context of Malaysia, the Ministry of Energy, Green Technology and Water defines green technology as “the development and application of products, equipment and systems used to conserve the natural environment and resources, which minimizes and reduces the negative impact of human activities” (Ministry of Energy Green Technology and Water, 2012). The four pillars of green technology policy include:

- *Energy* - seek to attain energy independence and promote efficient utilization;
- *Environment* - conserve and minimize the impact on the environment;
- *Economy* - enhance the national economic development through the use of technology; and
- *Social* - improve the quality of life for all.

One of the current established accreditations specifically for green or environmental management (EMS) is ISO 14001: 2004. This is a management tool that can be used by organizations to identify and control the environmental impact, to continuously improve environmental performance, and to implement a systematic approach for assessing the environmental objectives and their implementation (IOS, 2012)

Besides this accreditation, less is known about the Halal certification and its relations to protect the environment. In fact, there is no such study that has been carried out to see how Halal certification could also relate to the green management. Hence, this paper aims to answer whether or not halal certification process can be considered as part of the green management practices. In the quest of finding the answer, we have engaged in a case study approach. We chose one hotel in the northern part of Malaysia as our case. However, we also carried out a survey to seek their staffs’ perception quantitatively. The case is described in the later section.

## **2. Green Management and Halal Certification in the Hotel Industry**

### **2.1. “Green” Hotels**

The concept of green management is also embraced by the hotel industry. In fact, the Green Hotel Association (GHA) has been established since 1993 to bring together hotels interested in environmental issues (Association, 2012). According to the GHA, “green” hotels implement environmental programs that save water, energy, and reduce solid waste to help protect the one and only earth. The implementation of green management in the hotel industry is critical. The industry is the most environmentally harmful in the hospitality sector to contribute substantial impact to the environment (Bohdanowicz, 2006). These impacts are associated to the waste production, water, and energy consumption by hoteliers ( Rahman et al, 2012).

In addition to conserve the environment, green hotels would also enjoy various economic benefits from being green. They can benefit from bigger savings and better efficiency through the adoption of environmental practice in the area of operating cost reduction and operational efficiency (Scanlon, 2007). However, a proper strategy and implementation should be carried out. Some companies may find the green initiatives to result in lower profit (Moliza-Azorin et al, 2009). In terms of the customers, the green hotels would have a substantial potential market (Meng, 2011).

A study conducted in Malaysia has found that the hotels’ customers associated being green to product quality, price, and social responsibility (Meng, 2011). Because of these benefits, more and more hotels are practicing green and would like their properties to be recognized as the “green” hotels. For example, hotels that have received ASEAN Green Hotel Award in 2010 increased from 5 to 10. Those hotels were the Andaman Langkawi, Shangri-La’s Tanjung Aru Resort and Spa, Mines

Wellness Hotel, Shangri-La's Rasa Ria Resort, Renaissance Kuala Lumpur Hotel, Hotel Melia Kuala Lumpur, Nexus Resort Karambunai, Shangri-La's Rasa Sayang Resort and Spa, Shangri-La Hotel Kuala Lumpur and the Frangipani Langkawi resort and Spa (Tan, 2010).

## 2.2. Halal and Its Certification Process

In order to answer our research question, we need to understand the meaning of halal and the halal certification process. The Halal certification is a complex assessment on food and beverages, consumer goods, food premises, and slaughter houses. It is a document given to the applicant that guarantee that the items (either food and beverages, consumer goods, food premises, or slaughter houses) are halal certified or meet the Islamic principles and can be consumed by Muslim (Riaz, 2010).

In Malaysia, the recognized authority by the Malaysian government for Halal includes Jabatan Kemajuan Islam Malaysia/*Department of Islamic Development Malaysia* (JAKIM), Jabatan Agama Islam Negeri/*State Islamic Religious Department* (JAIN) or Majlis Agama Islam Negeri/*State Islamic Religious Council* (MAIN). Now, the Halal Industry Development Corporation (HDC) has been appointed by the government to serve as a one stop center to manage the issue of Halal certification for Malaysia. In this study, we focus on Halal certification for the hotel industry which is the food and beverages produced by the hotel's kitchen.

What is Halal? According to Halal Malaysia (Malaysia, 2012), the definition of Halal as stated in the Trade Description Order (Usage of the Term "Halal") 1975 is as follows:

When the term is used in relation to food in any form whatsoever, in the process of trade or commerce as an aspect of trading or part of an aspect of trading for the referred to food, the terms 'Halal', 'Guaranteed Halal' or 'Muslim Food' or

any other terms that may be used to indicate or may be understood as meaning to indicate as permissible to be consumed by Muslims and allowed in their religion for the referred to food to be consumed, must therefore mean the following, that is, the food for which such terms are being used:

- a) does not stem from or consists of any part of or item from animals that are forbidden to Muslims by Islamic law, or animals that have not been slaughtered according to Islamic law;
- b) does not contain any substance that is considered impure in Islamic law;
- c) is not prepared, processed or manufactured using equipment or utensils that are not free from impurities as defined by Islamic law ; and
- d) that, in the preparation, processing or storage stage, does not come in contact with or is stored near any kind of food that does not meet the requirements of para(s) (a), (b) or (c) or any substances that are considered impure by Islamic law.

From the above definition, we can conclude that Halal certification would not just include the food itself but also other areas as well. These three main areas are namely (1) the food and the source of the food, (2) the process of preparation of the food, and (3) the process and handling the storage of the food. The halal certification process also includes five processes namely the application/document approval, premise inspection, panel committee/appeal committee, issuance of Halal certification, and monitoring and assessment (Noordin et al, 2009). The economic benefits of Halal certification are huge. The industry is estimated to worth around US 632 billion per year (Baguley, 2009). This is due to the increasing demand of Halal food around the globe (Baguley, 2009).

## 2.3. Halal Certification and Green Management: The Similarities

The halal certification process would include auditing on various aspects such as items depicted in Figure 1, while green practices would include aspects such as in Figure 2. From the two figures we can see there are some aspects that would be related between

Halal certification process and green management. Among similarities identified are (1) waste management, (2) education, (3) water (water supply & drainage), and (4) energy (ceiling, lighting, ventilation, & temperature).



Figure 1. Halal Certification Aspects

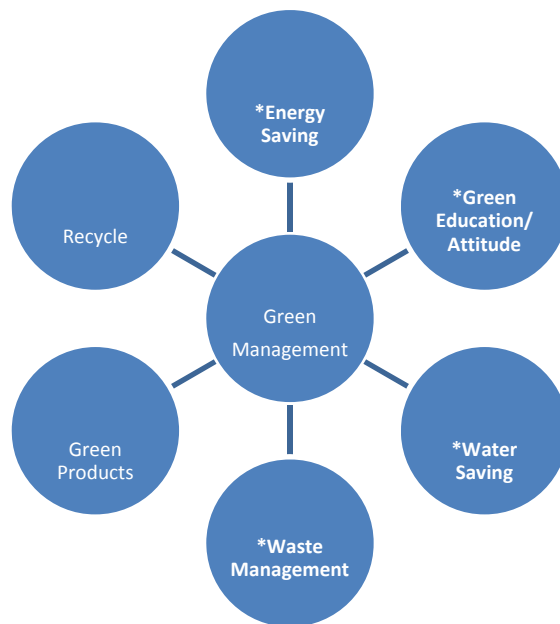


Figure 2. Green Management Aspects

### **3. Methodology**

This was a quantitative case study that analysed from the perspective of individual personnel of EDC-UUM. Almost all staff of EDC-UUM answered our questionnaire related to green and halal certification process. Due to the scarcity of research on the topic and probably this was the first attempt to relate halal certification and green, the questionnaire was self-constructed based on the Halal certification audit criteria. The perceived effects of green and halal certification to performance are measured using various sources particularly from the Environmental Management System studies (Padma et al, 2008; Hsiao et al, 2006). The scale of 1-5 was used ranging from improved significantly (5) to worse significantly (1). For the level of agreement questions, the scale was ranged from strongly agree (5) to strongly disagree (1). The questionnaires were also self-distributed and self-collected from the EDC staff. The quantitative findings would be discussed in relation to the literatures available in the field.

### **4. Findings**

#### **4.1. EDC-UUM**

EDC-UUM is an 8-storey hotel, located near the main entrance of the Universiti Utara Malaysia (UUM) campus in Sintok. With a capacity of 88 spacious and comfortable guest rooms, EDC-UUM emphasizes value for money and comfort. It is an ideal venue for business and leisure travelers with modern accommodation and traditionally warm hospitality. Guest can look forward to affordable accommodation highlights such as a prayer room, a meeting room, a laundry service, a restaurant and a small convenience

store. The EDC-UUM, was established as a cost centre but later on operating as a strategic business unit (SBU). It commenced its operation on September 2006. The concept of the hotel is to provide hotel standard products and services and move forward to fulfill its market needs. EDC-UUM is committed to providing the highest standards in hotel services and facilities in keeping with its tagline: "Your Smile, Our Joy".

Since EDC-UUM is rather newly established and given as a strategic business unit (SBU) status, the management decided to maintain its growth. In 2007 the total revenue was RM 1.8 million. The amount has increased to RM 3.4 million and RM 3.5 million in 2008 and 2009 respectively. Apparently room and food and beverage are the two major contributors to the EDC-UUM earnings. Hence, to stay competitive, EDC-UUM should have the right business strategies in the years to come. One of the strategies is to obtain Halal certification from JAKIM. Throughout the year of 2011 until the beginning of 2012, EDC-UUM has been aggressively preparing the required documents for Halal certification for its kitchen. The standards of procedures for the hotel have also been practiced to comply with the Halal certification.

#### **4.2. Survey Results**

Table 1 below shows the respondents' background in terms of their role and tenure at EDC-UUM and total years of experience in the hospitality industry. Most of the respondents of the study were not in the managerial positions, had less than 1 year working experience at EDC-UUM but had 5-10 years working experience in the hospitality industry. Note that the EDC-UUM has just been established for only 5 years during the time of the study.

Table 1. Respondents' Background

<b>Respondents' Background</b>	<b>Percentage</b>
<i>Role in the organization</i>	
Senior Management	10.9
Junior Management	7.3
Middle Line	27.3
Others	54.5
Total	100
<i>Years of working in the organization</i>	
5 years	18.2
4 years	5.5
3 years	14.5
2 years	9.1
1 year or less	52.7
Total	100
<i>Years of working experience</i>	
> than 20 years	1.8
15-20 years	1.8
10-15 years	5.5
5-10 years	16.4
< 5 years	74.5
Total	100

Next, we asked the respondents to indicate their agreement on the relationship between green and halal certification. The result showed that 57.5% of the respondents agreed that Halal certification contributes towards green. Another 27.3% even strongly agreed to the statement which made a total of 84.8% of the respondents to perceive that Halal certification had a relationship with green. The specific result is shown in Figure 1. Further, we investigated the perceived effect of Halal certification on the green performance. Figure 2 shows the result. We found that majority (more than 50%) of the respondents indicated that Halal certification would also be beneficial to EDC-UUM in terms of the following items:

- Energy saving

- Environmentally conscious
- Environment accident
- Society
- Waste management
- Coordination activities
- Efficiency
- Cost saving
- Interaction buyers and customers
- Personnel qualification
- Employee motivation
- Multi-skillness of employees
- Tenders

Note that some of the respondents also perceived that Halal certification would have negative effects on green performance. However, this was a small group that represented only less than 10% of the respondents as stated in Table 2.

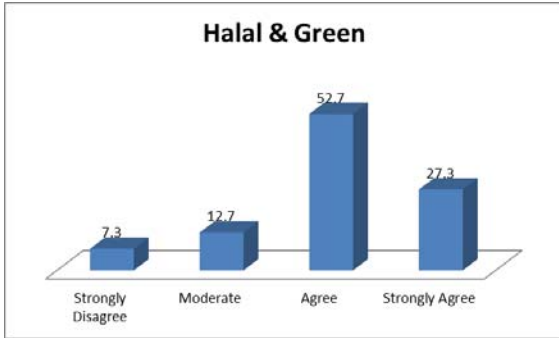


Fig 1. Level of Agreement o Halal and Green

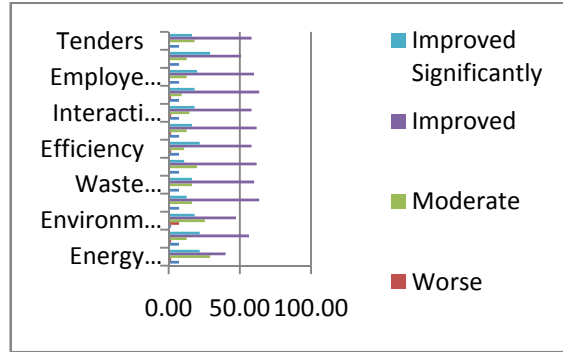


Fig 2. Perceived Effect of Halal Certification on Green Performance

Table 2. Total Percentage of Level of Halal Certification Effects on Green Performance

Green performance	Worse (%)	Improve (%)
Energy saving	9	62
Environmentally conscious	9	78
Environment accident	9	65
Society	7	76
Waste management	7	76
Coordination activities	7	73
Efficiency	9	80
Cost saving	9	78
Interaction buyer/customer	9	76
Complaint	7	69
Personnel qualification	9	82
Employee motivation	7	80
Multi-skillness of employees	7	80
Tenders	7	75

\*moderate effect was uncouncted.

## 5. Discussion and Conclusion

Our findings provide evidence for future work in the area of Halal certification. Based on our initial attempt, we have found that halal certification has somehow related to green. Most of the respondents have indicated their agreement about the relationship. The top effects of Halal certification that they perceived related to green would be namely (1)

Personnel qualification, (2) employee motivation, (3) Multi-skillness of employees, (4) Efficiency, (5) Environmentally conscious, and (6) cost saving. From this finding we can conclude that the Halal certification is closely related to the human resource issue particularly on their training about the Halal certification. It is interesting to note that halal certification is perceived to have effects on environmental aspect as well.

As discussed earlier this findings could be associated with the existence of similarities between Halal certification and green management. The Halal certification, in general, focuses more on the hygienic, quality, and safety (Noordin et al, 2009) aspects of the food and its preparation, while green management focuses on reducing the negative impact of human activities towards the environment. Based on this small scale data, we can carefully conclude that by being hygienic would also protect the environment. After all, Islam teaches us to protect the environment. And it does not mean we can only do that by having ISO 14000 certification.

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