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# The Management of Halal Logistics Service in Nippon Express: Issues, Challenges and Solutions

Setiyawan Gunardi<sup>1\*</sup>, Betania Kartika Muflih<sup>2</sup>, Mohammad Aizat Jamaludin<sup>3</sup>

<sup>1</sup>Faculty of Syariah and Law, Universiti Sains Islam Malaysia, Bandar Baru Nilai, 71800 Nilai, Negeri Sembilan, Malaysia

<sup>2</sup>International Institute for Halal Research and Training, International Islamic University Malaysia, Jln Gombak, 53100 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia

<sup>3</sup>International Institute for Halal Research and Training, International Islamic University Malaysia, Jln Gombak, 53100 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia

\*Corresponding author's e-mail: setiyawan@usim.edu.my

## ABSTRACT

Halal logistic services need to pay serious attention to management aspects so that they can be carried out professionally and comprehensively. Nippon Express is one of the companies engaged in the field of logistics always dealing with issues and challenges. This study aims to reveal the resulting issues and challenges and explain the right solutions. Data was collected using qualitative methods through the study of related journals and websites. Then analysed based on observation as a solution. The results of this study found that progressive management is the solution to these issues and challenges, so that consumers and clients can believe NE logistic services have halal elements.

**Keywords:** Halal logistic service, management, Nippon Express company

## 1 Introduction

The Halal logistics industry must be strong and robust as the demand for halal products has increased rapidly in recent years. Halal logistics is basically the act of distributing halal goods across the Halal supply chain. To prevent contamination during distribution, core logistics activities, such as transportation, warehousing, material handling, and procurement, must be based on Shariah-compliant [1]. The logistics also include protecting, organizing, and identifying products and materials before they reach the customers because the halal status does not only consider the product ingredients, it also takes into account the supply chain and the logistics aspects of Halal food products [2].

In Malaysia, there are a few logistics companies obtaining the Halal certification from JAKIM and one of the companies that got the halal certificate for logistics is Nippon Express (Malaysia) Sdn Bhd a subsidiary of Nippon Express's Co., Ltd. In the next phase, we will study further the management of Nippon Express Halal logistics service.

## 2 Materials and Methods

The development of the halal industry is very advanced from time to time, and it has a big impact on the economic and financial system. Halal industry operations need to emphasize



the logistics aspect, because halal products will be safe and guaranteed of their halal status as long as they are moved from one point to another point in accordance with Shariah principles [3]. NE Company has a halal logistic service provided for the needs of Muslim customers (<https://www.nipponexpress.com/service/solutions/halal>).

The halal logistic movement is always faced with issues and challenges. Therefore, this data collection uses qualitative methods through sources from websites, scientific writings taken from journals and annual reports. Next, it will be analysed descriptively as a solution to the issues that arise.

### **3 Results**

There are several types of halal logistic services in NE which consist of air freight services, ocean freight services, truck freight services, container trolley services, warehouse storage, which includes room temperature, refrigerated, and frozen storage, and special freight insurance for the transportation of halal produce.

#### **3.1 Nippon Express (Malaysia) Obtains Good Distribution Practice (GDP) Certification for Domestic Transport Services**

Nippon Express (Malaysia) Sdn, Bhd (Akiya Hayase, President; hereinafter, "NE Malaysia"), a local subsidiary of Nippon Express Co., Ltd. (Mitsuru Saito, President), has received GDP certification for its Kuala Lumpur International Airport (KLIA) Branch, effective Thursday, January 14, 2021, demonstrating its compliance with standards for the proper distribution of pharmaceuticals while providing transport within. Pharmaceutical manufacturing is a new development area that the government is looking to boost and develop. The Malaysian government is also working to make JAKIM halal pharmaceutical certification a worldwide standard, and greater demand for halal pharmaceutical logistics is expected in Muslim markets.

### **4 Discussion**

#### **4.1 Worker's Integrity in Halal Procedure**

The issue of trust in employment is already the mouthpiece of every big company around the world. With large numbers of employees, employers cannot track breach of trust activity if they do not undertake rigorous policies and internal audits. This will destroy the trust of external investors and especially customers who use the services. Integrity issues are individual problems. Either because of negligence or they are bribed to do so. So, the issue is prolonged until it weakens the company. For example, the issue of carrying halal and illegal food in a Grab rider bag. Employers, namely Grab, provide separate bags for non-Halal food, a small tote bag which can accommodate 5 kg of feed and is able to load 3 large containers of feed in it.

The bag was green and written to it 'non-halal' in clear white. However, the issue of mixing halal and haram food remains the case as there are some riders who mix the two types of food

in the same bag which is their main bag [4]. So, these people are counted as distrusting the work. Halal executives at NE said they were also deeply concerned about the integrity of its employees. However, there is a possibility that there will be a breach of trust if the employee is lazy or unwilling to follow the *sertu* process step by step and may go on to the other step until suspicion arises on the process. Among other issues that are worrying is that if the sticker *sertu* process is not pasted on the truck and will cause confusion to the recipient, and this will tarnish the good name of NE as the first halal certificate holder for logistics in the country [5]. To counter this issue, employers need to improve employee relationships and bridge the social divide between employees and employers. Since NE is a base company in Japan, it's possible that this will work because Japan's practice is a *Taisho* exercise aimed at bridging employee relationships and giving a positive aura in the workplace.

#### **4.2 Insufficient Training**

Based on the annual report by NE in 2020, insufficient training had been a challenge for this company. If it overlooks the need for proper staff training, it will have a negative influence on the company's performance, team morale, financial turnover, and capacity to attract and keep good employees. As an employer, it is the legal responsibility to guarantee that these staffs receive proper health and safety training. It could face legal consequences if it ignores this responsibility, as well as an increase in workplace accidents, lower employee morale, and more absences. Employees with insufficient training are more likely to have poor job performance and higher levels of work-related stress. If the employees are unhappy and underappreciated, they are more likely to look for prospects for advancement and development elsewhere.

The solution is to avoid classroom training on weekends or after work and limit travel demands for training, due to the rapid pace of personnel planning. As a result, think about employing a micro-learning strategy and delivering meaningful and relevant knowledge in little chunks. Next, distribute the workforce, and use social tools to unify and communicate among your dispersed team. Online forums and videoconferencing are tools that can help team members connect and communicate with each other. Before the training begins, make sure that everyone knows what they are expected to learn and how their work will be affected by it.

#### **4.3 Labour Shortages**

The Covid-19 pandemic is not only wreaking havoc on global public health, but it's also wreaking havoc on the economy, with supply chain disruptions and workforce shortages posing major challenges for businesses all over the world. This affects both local and global production and supply networks, stifling economic growth and leaving customers with product and service shortages. Another element contributing to the current labour shortage is the workers' increasing demand for better working conditions. The same demand can be seen

in the continuing debate over the future of remote labour in high-skilled professions. Some employees are abandoning their jobs rather than accepting a permanent all-remote work environment. At the same time, some employees are rebelling against their employers' efforts to return to the pre-pandemic status quo in the workplace.

The solution is investing in a home-grown workforce. Investing in local workers is an option for companies during this covid-19 season because of the risks for migrant workers returning to their countries. Providing training, effective modules, and transparent working visits will help improve the quality of local workers. Extending visas or organizing cross-border travel for medical care or agricultural employees are examples of exceptions that can be provided for migrants who worked in important portions of their organization. Next, automation and artificial intelligence should be accelerated. Low-paid and low-skilled professions in manufacturing, retail, and hospitality, among other industries, are in the biggest danger of automation, which could displace human employees.

## 5 Conclusions

Nippon Express Group is the largest multi-functional logistics warehouse in Malaysia outside of Japan in terms of single-structure warehouse area. The establishment of this centre needs to empower logistics functions to meet various increasingly sophisticated customer needs, through sales logistics in Malaysia focused on consumer goods, continuous temperature storage using air-conditioned facilities, and storage and delivery of halal products.

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