PROSPECTS OF HALAL PRODUCTS IN DEVELOPING COUNTRIES: COMPARISON BETWEEN NIGERIA AND MALAYSIA

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ABSTRACT
Halal products are beneficial to a nation's economic development in terms of its contribution to gross domestic product (GDP) as clearly demonstrated by multi-racial country like Malaysia. This should prompt developing nations such as Nigeria, to provide ethical and healthy products for both Muslims and non-Muslims in the country by using Malaysia as a role model. Nigeria, being a developing country needs to adopt halal implementation as much as Malaysia, simply because of her multi religion state. Thus, the purpose of this study is to look at the prospects for halal products in developing the economy, such as Nigeria and how it can be a major source of revenue generation. This study uses a conceptual method to compare practises of halal implementations in industries in Malaysia as a benchmark to apply the same method in Nigeria. The study also boldly suggests why developing countries, especially Nigeria should establish a government backed halal regulatory authority. The findings of this study conclude that as a Muslim dominated country, Nigeria has the potential to rise as one of the main players in halal industry. However, the limited literature on Nigeria halal products industry has restricted the present researchers to come up with recommendations that should be taken to overcome the issue. However, the general idea of the current situation in Nigeria in regards to halal products industry implementation is stated in this study. The outcome of this research is hoped to be a source of reference for developing nations, especially Nigeria who might be interested in the halal product industry in the future.

1. Introduction
The concept of halal is often recognised among the Muslims who practice the law of Shariah strictly. This is because the term “halal” is a serious practice and it is not being handed with levity among the Muslims. For a Muslim, halal product means that the goods and services have met certain requirements and processes laid down by Shariah law as prescribed by Allah (SWT) (Mathew et al., 2014). Allah said in (Quran, Al-Baqarah, 2:168) that “O people! Eat the lawful and good things out of what is in the earth”. He further narrowed it down to Muslims in the same chapter of the Quran that mentioned “O you who believed! Eat of the good things we have provided you with” (Quran, Al-Baqarah, 2:172). As Allah (SWT) commanded believers, He also commanded His messengers in (Quran, Al-Mu'minun, 23:51), He said “O apostles! Eat of the good things” - Lawful and good things here mean “halal products”. As important as it is for a Muslim, contemporary studies have also proven the non-Muslim’s interest and patronage of halal products. The reason is because for them, halal products mean the symbol of hygiene, safety and quality of the goods and services because it is produced according to the holistic halal assurance management system (Ambali & Bakar, 2014). The demand for halal products globally by both Muslims and non-Muslims has increased sporadically and the products have become a global interest and being given more attention even among countries which are not dominated by Muslim such as China, Australia, Brazil, among others due to its demand and positive contribution to gross national product (GDP) for countries who are fully practicing it such as Malaysia, Indonesia and United Arab Emirates. As a matter of fact, the global halal industry is estimated to worth about USD 2.3 trillion annually among halal product country players such as Malaysia, Pakistan, UAE, Australia, Oman, Brazil, Jordan, Azerbaijan, Egypt, Qatar, and Indonesia. Based on ranking, Malaysia is seen as number one in the halal...
export destination based on the result of the amount generated from the total worth. Malaysia’s halal products are being exported to countries such as China, United State, Indonesia, Singapore, and Japan (Abdullah et al., 2017). Diagram 1 illustrates the world demand and halal product supply by countries (HDC, 2014).

![Diagram 1: World Demand Vs Supply for Halal Product](source)

From the above diagram, it can be seen that countries like Australia, New Zealand, Brazil, Malaysia and Thailand are the main players in supplying the halal products to the increasing Muslim populations all over the world. It is interesting to note that African countries, although home to a large number of Muslim population, are not yet listed as one of the main suppliers in halal industry. Nigeria, which has 80 million Muslim consumers should grab this opportunity and capitalize on the increase demand of halal products by African Muslims and non-Muslims alike.

The aim of this study is to look at the prospects for halal products in developing countries, such as Nigeria and how it can be a source of revenue generation. The remaining sections of this research are designed as follows: Section 2 defines the literature review which consists of Malaysia’s role as a global halal supplier and current situations in Nigeria; Section 3 focuses on the conceptual design of the study approach; Section 4 analyses the findings of the comparison between halal implementations in Nigeria and Malaysia and Section 5 represents conclusion which includes future research directions.

2. Literature Review

2.1 Global Halal Industry

Recent research has shown that the halal industry is now gaining a global attention. This is evidenced by the annual increase of market share in the halal industry worldwide. The increase in the industry is estimated at 20% yearly, which is worth about 2.3 trillion (excluding Islamic finance). Interestingly, the halal product has gained confidence and trust even in the heart of the non-Muslims consumers who see the product as safe, of high quality and more ethical (Mathew et al., 2014; Yusuf et al., 2016). Currently the forces and prospects of halal market are so enormous and are on the increase globally. This is based on the world Muslims population, which is about 1.8 billion in 2012 and being projected to make up to 26% of the world population of 2.2 billion in 2030.

It is also noted that the halal market has grown beyond food related items and other aspect of products such as health items, cosmetics products and even services such as logistics, finance, and others are also included in the scope of halal industry. Of late, service sectors such as marketing, packaging, branding and rebranding, financing, travel and hospitality,
fashion products among others are also gaining interest from the halal industry players. These new trends are seen as opportunities for investors.

The reason for this success in the halal industry is because the majority of the Muslims of the world are beginning to be aware of the importance to consume halal products while the non-Muslims are looking for a safe, ethical which is based on equity and justice, and quality products which are the main characteristics of halal product (Ambali & Bakar, 2014; Dhar & Hoque, 2015). It is somewhat interesting to note that even the countries with Muslim as minority population, such as Britain, Australia, China, Korea and USA have embraced the new trend of halal products in the aspect of consumerism but in the Africa, little effort has been made to promote halal industry in its region.

Sub-Saharan Africa region consists of about 15 percent of the world Muslims population and it is being projected to grow about 60 percent by the next two decades. Nigeria at current is the most populous nation in Africa of about 180 million people, has 60 percent of her population as Muslims who are conscious of their consumption pattern (Abuznaid, 2012) and this population is projected to increase from 75,728,000 people in 2010 to 116, 832,000 people in 2030. With this projected increase in the Muslims population, the halal market is so buoyant to tap into in developing nations such as Nigeria.

2.2 Demand of halal food supply

A lot has been written about Islamic finance and halal products globally, but the focus here is to identify the potentials and prospect for business owners to tap and create a new emerging market for halal product. Halal indication is currently used to qualify food in one form or the other in the aspect of business and trade, which refers to lawful products, food, drink or even services (Ambali & Bakar, 2014). As a matter of fact, this holistic attachment of lawful food is one of the way which many Muslims of the world are now living or are now channelling their consumption pattern. It will be worthy to note that the term “halal” is sought after by over 1.8 billion Muslims all over the world (HDC, 2014). In fact, previous studies had shown that even the non-Muslims consumers have increasingly gained acceptability of the product based on its ethical, safety and quality features (Abdullah et al., 2017; Yusuf et al., 2016).

Overview of the global halal industry suggested that the contemporary Muslims youth who are under 30 years of age represent the agent of change in terms of their consumption pattern because this age group of people are about sixty % of the Muslims populations. Based on the enormous population and the increase of the Muslims, several literatures have been written on how to address the Muslims market. A.T. Kearney Consulting Firm (2008) identified that the Muslims have the fastest growing consumer markets in the world. The report stressed that the Muslims consumer segments are now reaching saturation point because this consumer are now looking for Shariah compliance products and services which is in conformity with Islamic principles or law.

2.3 Halal industry overview in Nigeria and Malaysia

From the foregoing, one will see that so much had been written about halal awareness and global acceptability, but this study focus is to identify potentials for the halal products in Nigeria by using Malaysia as a role model. At current, in Nigeria, which is the most populous nation in Africa with the second highest number of Muslims of 78 million (Pew Research Centre, 2016), little effort has been made by related authorities regarding the importance of producing halal markets, albeit having high potential in halal industries based on its large Muslim’s population, manpower and natural resources. Malaysia as number one in the halal export destination has played a major role in the certification and standardisation of halal products which indirectly has given halal products produced by the country a global recognition and acceptance among Islamic nation (Soraji et al., 2016).
3. Research Model

This study adopts the conceptual approach by comparing previous studies on halal industries, certification and implementation in both countries; Nigeria and Malaysia. As mentioned before, Nigeria as a developing country with enormous amount of its Muslim population as a target market has a lot potential to rise as a halal industry player, but there are limitations such as lack of government intervention, unavailability of a standard guide for halal certification and implementation and many more. Hence this study hopes to provide a general idea of the halal industry situation in Nigeria and make Malaysia as a benchmark to also be among the highly respected players in the area. In order to get the information and data regarding the current situation in both countries, various literature review has been done. Figure 1 depicts this research, conceptual model. First, the study identified the general situation in Nigeria, including its target market by indicating the Muslim population. And then, literatures about halal certification to authenticate the halal practice and implementations in Nigeria were also identified. Finally, the prospect of having a sound practice on halal implementations in regard to the country’s development was also discussed. The same scopes of information were sought in various literature reviews concerning Malaysia as a comparison to Nigeria’s halal industry.

After both side’s information has been collected, suggestions on concepts or ideas to be used by Nigeria in order to become one of the main players in halal industry were proposed.

![Research conceptual model](image)

Fig. 1. Research conceptual model.

4. Methodology

In this study, comparisons are done by collecting information from previous literatures in terms of halal industries and implementation in both countries; Nigeria and Malaysia. The scopes of comparisons are; target market (Muslim populations), halal certification, and the prospects of halal industries in terms of generating income for both countries.

4.1 Target market - Muslim population

Malaysian population is about 31 million people with about 60% of Muslims from their total population, yet the country has achieved so much in terms of the contribution from halal industry to the country’s gross domestic product (GDP). Nigeria, on the other hand is the largest country in Africa with a population of over 180 million in 2015 and preliminary research by the Pew Research Centre in 2010 showed that 48.9% of the total population of Nigeria are Muslims while Christians and other religious followers are seen within the remaining percent. In a further research work, it was discovered that about 80 million Nigerians are Muslims population predominantly devoted Sunni Muslims within the north and the southern part of the country. The Muslim populations in Nigeria are known to follow their religion strictly thereby it is no surprise that they are conscious about the type of products they consume. Products in this context include; cosmetics, poultry products, dairy products, beef, cereals, and a lot more (Onwueme, 2014). Based on these observations, it can be seen that the total numbers of Muslims in Malaysia are just a fraction of the total amount of Muslims in Nigeria,
therefore if the Nigerian Muslims population can have access to halal and quality product according to Shariah procedure and requirement, it is no doubt that the consumer’s patronage and purchase of this product will be enormous.

With this enormous and large number of the Muslims in Nigeria who are conscious about their daily consumption pattern, then the prospects of halal products are very eminent if properly harnessed by government and private sectors at all levels.

4.2 Halal certificate on

Presently, in Nigeria there are so many products with the halal logo being imported into Nigeria, which has no certification from any credible government authority in charge to check whether the products actually meet halal standard and requirements. It is however interesting to note that the only regulatory body for halal product compliance in Nigeria is the Standard Organization of Nigeria (SON) which to a certain extent cannot ascertain the integrity and standard of halal products in terms of its logo and certifications even among the halal industry players. Malaysia, for instance, has several agencies to handle halal certification and halal enforcement of both food products and services, such as the Halal Industry Development Corporation (HDC), Department of Islamic Development Malaysia (JAKIM) and also state religious council (Yusuf et al., 2017). The strict implementation of the halal enforcement by related authority has in return given the Malaysian halal industry a global acceptability and gained confidence among Islamic nations. For example, halal meat and poultry products to be exported must be fully accredited by the Malaysia Department of Veterinary Services and Department of Islamic Development Malaysia (JAKIM) for halal inspection purposes (Dahlan & Abdullah Sani, 2017) to ensure the products meet the requirement of quality, safety and hygiene. This is why Muslim countries all over the world recognized halal products produced in Malaysia by even developed nations such as the United State of America (USA), China and Australia.

Halal certification in Nigeria

Based on findings and available data on the official website of the Standard Organization of Nigeria (SON), there are four products certification scheme operated by the organization through the product certification directorate. They include; Mandatory Conformity Assessment Programme (MANCAP), Voluntary Product Certification Scheme (NIS mark of quality), Nigerian Quality Award Scheme (NQA), product type certification for export and other relevant Nigeria industrial standards. Further look at the department of SON also shows that under the management system certification, the only available types of certification include; NIS/ISO 22000 which is a food safety management system that provide a framework for effective managing the safety food supply chain, NIS/ISO 9001 which established and define organization quality procedures and objective and NIS/ISO 45001 which is the occupational health and safety responsibilities. Preliminary findings on the data available on the SON website also show that in terms of standardization of products, the objectives of the standard directorate are to coordinate the relationship with international organizations involved in standardization activities such as ISO, IEC, CODEX, AFSEC, ECOWAS, WTO, and ARSO excluding world halal Council (WHC) (Standard Organization of Nigeria, 2018).

With this available data it shows that the right and interest of Muslims in Nigeria is not being protected in terms of certification and standardization of halal products while allowing products to carry halal certified logo. However, it should be noted that even the South Africa country whose total population is not even up to the half of the Nigeria Muslims population has a halal regulatory authority called the South Africa National Halal Authority (SANHA) in charge of the certification and standardization of halal products in its country. This is because South Africa manages to see the global demand for halal products by Muslims and even non-Muslims to which halal products are no longer a religions affair, but are sought after in the global market due to its ethical, safety, quality and value. Hence the need for Nigeria to have its own halal regulatory authority in charge of certification and ensuring standard of halal products is highly essential.
Nigerian government has a lot to gain from the establishment of its own halal authority based on the number of the Muslims available in the country. The reason been that countries with halal regulatory authority, generate much revenue from halal related products yearly due to the integrity and standard they have placed on the products.

Therefore, there is a dire need for government in Nigeria to set up an institution that will provide people with sound and adequate knowledge of the halal products, logo and implementation in the halal industry for it to be accepted by all Muslims in Nigeria which can also be exported to other Africa countries because of the brotherly economic role Nigeria plays in Africa.

**Halal certification in Malaysia**

In Malaysia, halal certification is authorized by the Department of Islamic Development Malaysia (JAKIM). Apart from that, there are also numerous agencies to help promote and organize activities on halal matters such as the Halal Industry Development Corporation or known as HDC. Not only that, Malaysia also implements other Halal standards to make sure of the halal implementation within its industries. To name a few standards currently being used such as; Malaysian Standard MS1500; General Guidelines on the Production, Preparation, Handling and Storage of Halal Foods, and also Good Manufacturing Practices (GMP) as well as Good Hygiene Practices (GHP) administered by Department of Standards Malaysia (SIRIM) (Yusuf et al., 2016).

Halal certification process in Malaysia is known to be well structured process as shown in Figure 1 below. Steps 1 and 2 are done for submission of relevant forms, required documents and other certifications through JAKIM official website. The next process is Step 3 which explains about auditing process which requires JAKIM halal officers to visit the premise under applications before they are certified. After the process, Step 4 comes when Halal certification is awarded to the applicants. The certificate valid in the span of one year and requires the renewal process after it expires.

![Figure 1: Halal certificate application process in Malaysia](http://dx.doi.org/10.30566/ijo-bs/2018.285)
4.3 Halal industry vs economic development

The global halal market is estimated to be worth USD 2.3 trillion annually among halal countries players such as Malaysia, Pakistan, United Arab Emirate, Australia, Oman, and Brazil. But Malaysia is seen as number one in the halal export destination based on the amount generated from the total worth. The country halal products are currently exported to countries such as China, Singapore, United States, Indonesia, and Japan (Abdullah et al., 2017). Previous studies indicated that Malaysia is playing a major role in terms of halal products in Asian countries and even some part of the world. The reason for this role is because Malaysia halal products are seen to be of high quality, safe, and hygienic and above all, have standard and integrity. This is possible because Malaysia has set up various institutions such as Department of Islamic development (JAKIM) for halal accreditations, promotions, training programs among others. Obviously the halal sector in Malaysia is a robust industry, which is hoped to be followed by other developing nations, such as Nigeria.

Halal industry in Nigeria

Nigeria at the moment has no or little history in terms of halal products. This is partly because the country is multi-religions. Though presently there are about 80 million Nigeria Muslim populations in which about 60% are from the Sunni sect who are more conscious about their halal consumption pattern (Harvard Divinity School, 2016). And it has been proven that wherever there are Muslims whose principles are guided by halal food specifications, there should exist a halal market. It is very apparent to see that the size of the Muslims in Nigeria is very buoyant and enormous for her government to tap inward and take advantage of the demand for halal products by Muslims globally. In this regard, the Nigerian government is supposed to provide the country with a Halal product regulatory authority or agency that will be in charge of the halal products in the country's quest for global acceptability. This will in turn generate revenue both internally and externally to the GDP. At the moment, Nigeria is currently deprived to have an official halal regulatory authority for food and non-food (Annabi & Wada, 2016).

In fact, based on previous research, the Ministry of Agriculture of Nigeria had made several efforts in promoting halal products (Annabi & Wada, 2016). This shows the fact that halal products are in high demand in Nigeria. But this fact should not have denied the large available Muslims the production, supply and distribution of halal products. Onwueme (2014) study identified halal products which have higher potentials and profitability, such as cosmetics, poultry products, cereal, beef, dairy products, food, lifestyle and lots more. The interesting part of it is that even the non-Muslims in Nigeria are now purchasing and patronizing halal products. Presently Nigeria spends N1 trillion on food import annually. This shows a high purchasing power of Nigerians to purchase food related products such as rice, sugar, fish and others if found halal, hygienic and safe to consume. As a matter of fact, Nigeria is the world number 2 importer of rice (FMARD, 2018).

There is a huge Muslim population in Western Africa, especially in Nigeria (about 80 million Muslim population), but the halal market is still not fully harnessed. This is mainly because halal standards and certification are also not yet available in Nigeria. This is seen as a huge waste to the country as Nigeria has the potential to become the Africa hub for the production and trade of halal products and services.

Halal industry in Malaysia

Owing to the credibility of its halal certification bodies, Malaysia, through the halal industry sector generates revenue to a tune of about 5.1% (RM 37.7 billion) of the total export for the country as at 2014 and in 2015 increased to RM42 billion of gross domestic product (GDP) (MIDA, 2016). Diagram 2 depicts the global halal chain which involves Malaysia as one of the core exporter to efficiently supply halal products all around the world.
Halal industry in Malaysia has taken a positive and upward move. The industry is no longer focusing only in the aspect of food production, but it has included various other aspects of life, such as hospitality, fashion, automobiles, electronics, health, travel and tours.

Over the years from 1974 up to date Malaysian government has taken giant steps in the area of halal certification. One of the biggest leaps was done in 2008 when the Halal Industry Master Plan was endorsed by the Malaysian cabinet. The focus is mainly to generate revenue both locally and internationally from the aspect of halal products and services. The government enacted various holistic strategies to intensify the growth and development of halal products and services by having the vision of making Malaysia a global halal hub. As a result of this effort by Malaysia government, it has made the country a reference centre in terms of halal discipline and integrity of halal products. On the marketing side, the country is playing a global leadership role in the area of innovation, production and trade of various halal related products. Malaysia government has invested around RM 4.1billion in 2012 to RM 10.6billion in 2015 for the betterment of the halal industry.

5. Data Analysis and Results

The findings of this conceptual study are shown at below Table 1. Comparisons were made between both countries; Nigeria and Malaysia in terms of target market (Muslim populations), halal certification and finally the prospects both countries have in regards to the halal products and industry.
Table 1: Comparison between Malaysia and Nigeria in halal implementations

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<thead>
<tr>
<th>No</th>
<th>Comparison</th>
<th>Nigeria</th>
<th>Malaysia</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Target market</td>
<td>80 million people</td>
<td>18 million people</td>
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<td></td>
<td>Muslim population</td>
<td></td>
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<tr>
<td>2</td>
<td>Halal certification</td>
<td>Not in list for halal certification and authentication</td>
<td>JAKIM State religious council</td>
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<td></td>
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<td>Industrial standards in charge by SON</td>
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<tr>
<td>3</td>
<td>Contributions in economic growth</td>
<td>Higher potentials and profitability, such as cosmetics, poultry products, cereal, beef, dairy products, food, lifestyle, but nothing much is in place at the moment</td>
<td>Foreign investors set up manufacturing and sales offices in Malaysia Employment opportunities Analysis and R&amp;D work Export of halal products to global market</td>
</tr>
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</table>

6. Discussion and implications

From the findings above, it is clearly seen that Nigeria still has a lot of opportunities to venture into halal industry, as it has a huge target market, and not to mention its own halal resources such as poultry, livestock and other agriculture products (Onwueme, 2014). However, due to lack of government intervention in regulating and authenticating the halal product industry in Nigeria, most of the local manufacturers have no clear directions, especially in terms of certifying their products with halal authorization. Without this proper control of halal recognition, industries in Nigeria have difficulties in growing, either locally or globally.

Malaysia, on the other hand has proper set up by its government to control and regulate the halal implementations in its food and services industry which require the endorsement of halal certification. It is evidenced that with a recognized halal certification bodies, Malaysia has stepped forward in marketing its product and services in halal industry worldwide (Abdullah, Jaafar, & Abd Rashid, 2017). With this huge products opportunity available in Nigeria, Malaysia can be used as a benchmark to make Nigeria as a country in the forefront of halal products global supplier in the future.

7. Conclusion

Based on our findings and available data presented that, there are various aspects which Nigeria can gain product advantages such as food, halal pharmaceutical, cosmetics in the halal product industry. To achieve this, it is undoubtedly that on Nigeria side, effort must be made by its government to establish halal certifying authority to keep up with global
standards for halal logo or label monitoring, processing stage after certification to keep up with Shariah compliance products necessity in order to benefit the consumer and religion representatives.

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