

SHARIA LOGISTICS: SHOULD IT BE IMPLEMENTED IN MODERN BUSINESS?

Arief Rachman
PT. Laris Cargo Indonesia
Email: ariefrachman@gmail.com

Abstract

This study discusses the importance of implementing sharia logistics in modern business, seeing the times and the demands of the needs of Muslims, especially Indonesia as a big house for the world's Muslims. This research uses a descriptive qualitative method with secondary data sources accessed from journals, books, previous research results, and reliable websites that can be used as reference sources. The results of this study show that sharia logistics integrates Islamic sharia principles into the supply chain, ensuring halalness, hygiene, and fairness in the distribution of goods. The benefits include fulfillment of religious principles, improved quality of goods, and increased social justice. However, the challenges of additional costs and limited resources are also faced. With the right investment, sharia logistics can build consumer confidence, support economic growth, and promote religious values.

Keywords: sharia logistics; supply chain; halal; social justice

A. INTRODUCTION

In the face of increasingly complex global business dynamics, modern companies are faced with demands to consider aspects of ethical, moral, and religious values in their operations. In the midst of intense market competition, customers are increasingly paying attention to companies' adherence to religious principles and social justice (Cahyono, 2020). In this context, the concept of sharia logistics emerges as an approach that combines logistics expertise with sharia principles in Islam.

Amid the rapid growth of global industries and increasingly complex consumer needs, halal product services have become an important factor in building a good business reputation. The existence of halal products not only creates vast market opportunities, but also reflects companies' commitment to adherence to religious principles, hygiene and fairness in their business. In this context, Indonesia, with the world's largest Muslim population, has great potential to become a leader in the halal logistics industry. As a country with highly upheld religious values, Indonesia has a

golden opportunity to develop and expand a logistics industry that adheres to sharia principles (National Committee for Sharia Economics and Finance, 2023).

The importance of halal product services in Indonesia creates a demand for the development of an efficient and reliable sharia logistics infrastructure. Logistics companies in Indonesia need to pay attention to aspects such as halalness, hygiene and fairness in every stage of their supply chain. From raw material procurement to distribution to consumers, all processes must comply with sharia standards (Fathoni, 2020).

In the halal-labeled food and beverage industry, sharia logistics has a very vital role. Sharia logistics not only includes managing the transportation of products from producers to consumers, but also ensuring that these products are produced, stored and distributed in compliance with the principles of halalness in Islam. Transporting halal-labeled food and beverage products from the point of production to the point of sale requires special attention to supply chain sustainability and product integrity. Sharia logistics not only covers the technical aspects of supply chain management, but also integrates Islamic values such as halalness, hygiene, and fairness in the process of distribution, storage, and management of goods. This paper will take an in-depth look at whether sharia logistics is necessary in modern business, considering its benefits, challenges, and impact on sustainability and corporate reputation.

By building a strong sharia logistics industry, Indonesia can make a major contribution to the global economy and prove that religious principles and responsible business can succeed together. In addition, it can also strengthen Indonesia's image as a country committed to religious values, and help meet the growing global consumer demand for halal products (Zaroni, 2016). Through the joint efforts of logistics companies, government, and society, Indonesia has great potential to become the leader of the sharia logistics industry in the world, making halal product services the norm in responsible global business (KEMENPERIN, 2020). By understanding the essence and implications of sharia logistics, companies can make wise decisions in strengthening their commitment to religious values, winning over customers, and making a positive contribution to society and the environment. In the following chapters, this paper will explore the concept of sharia logistics in detail, discuss its advantages, identify its challenges, and outline the conclusions that can be drawn in the evolving context of modern business.

B. LITERATURE REVIEW

1. Definition and Principles of Shariah Logistics

Shariah logistics is an approach to logistics management that adheres to the principles of shariah in Islam. It includes aspects such as halalness, hygiene, and fairness in the distribution, storage, and management of goods. Sharia logistics ensures that products or goods are produced and distributed in accordance with Islamic law, creating a legal, clean, and fair supply chain. These logistics practices not only meet the needs of consumers who follow religious

principles, but also support responsible and ethical business growth. By adhering to sharia values, sharia logistics combines religious principles with business operations, creating consumer trust and making a positive contribution to society and the economy (Ashari, 2021).

These principles include (Dwiputranti, 2020):

- a. Halal
Goods produced, stored, and distributed must be halal in accordance with Islamic law.
- b. Cleanliness (*Thayyib*)
Goods must be clean and safe to use, avoiding materials that are detrimental to human health.
- c. Justice (*Fair*)
The distribution of goods must be fair and equitable, without discrimination or exploitation.

2. The Urgency of Sharia Logistics

In a country where the majority of the population is Muslim, the provision of halal products is an obligation that cannot be ignored. The halal principle refers to all aspects of a product or service that comply with Islamic law, from raw materials to the production, storage and distribution processes. Therefore, providing halal certification for products is an essential and mandatory step (Thoyyibah, 2019). The process of granting halal certification involves an authorized religious authority to ensure that the product meets the halal standards set out in Islamic teachings. This includes ensuring that the ingredients used in the product do not contain ingredients that are forbidden in Islam, and that the production and handling processes are in accordance with sharia principles (Warto & Samsuri, 2020).

Providing halal certification not only meets the needs of Muslim consumers who want to consume products in accordance with their religious beliefs, but also creates trust and reliability in the brands and companies that produce these products. For Muslim consumers, halal-certified products provide a sense of security and confidence that the product can be consumed without hesitation (Agus, 2017).

In addition, the provision of halal products also supports economic growth and export opportunities. In the context of the global market, halal products are in high demand from Muslim consumers around the world. Therefore, countries that actively ensure that their products meet halal standards not only meet domestic needs but can also enter the international market with confidence (Afronyati, 2014).

The importance of sharia logistics is not only limited to ensuring products reach their final destination, but also involves developing an efficient and reliable logistics system. In this context, the use of advanced technology, the application of appropriate logistics concepts, and the formulation of wise policies are essential. The use of technology includes real-time tracking and monitoring systems,

efficient inventory management, and automation of distribution processes. The correct logistics concept involves careful planning, good coordination between all parties involved, and a deep understanding of consumer needs as well as the halal requirements of the products. Proper policies are also needed to ensure compliance with halal standards and minimize the risk of product contamination or misuse during the logistics process. Increased training for logistics workers on halal principles and product safety procedures is also essential to avoid mistakes and ensure supply chain sustainability (Vikaliana, Evita, & Komala, 2021).

By combining advanced technology, appropriate logistics concepts, and wise policies, sharia logistics can become more efficient, reliable, and quality. In this context, sharia logistics is not only a means of transporting products, but also a guarantee for consumers that the products they consume meet the highest halal standards. Thus, sharia logistics not only facilitates product movement, but also builds consumer confidence, supports the growth of the halal industry, and makes a positive contribution to the economy and image of a country (Suhairi, Prameswari, Octavia, & Bayani, 2023).

Thus, providing halal certification to products is not only a moral and religious responsibility, but also an important strategic step for economic growth, consumer confidence, and a positive image of a country at the global level. In a religious context, it affirms a country's commitment to the religious and cultural values it upholds, creating harmony between consumer needs and the principles of religious beliefs professed by its people.

C. METHOD

The research methodology used in this study relies on secondary data sources from research results, scientific journals, books, and trusted websites related to the topic of sharia logistics. This approach aims to collate existing knowledge and analyze various viewpoints related to sharia logistics and its impact on the industry and society.

Each data source was evaluated based on the criteria of reliability, relevance and authority. Data from peer-reviewed research and scientific journals were considered to have a high level of reliability. Information from official websites of trusted institutions was also considered credible. Data that did not have sufficient reliability was ignored in the analysis.

By combining secondary data from research, scholarly journals, books, and trusted websites, this research can generate an in-depth understanding of sharia logistics and its contribution to the industry and society, and create solid and informed arguments.

D. RESULTS AND DISCUSSION

1. Advantages of Sharia Logistics

a. Fulfillment of Religious Principles

Companies that implement sharia logistics can fulfill the religious principles and religious values of customers, which can enhance reputation and

consumer confidence. This intention includes the determination to develop a halal logistics system globally, regardless of the background of thought in the Islamic tradition. This approach includes adherence to shariah principles and the establishment of best practices to maintain the authenticity of halal products throughout the supply chain. The establishment of a halal logistics system aims to protect the integrity of halal products, especially for Muslim consumers. This step is considered very important as it has a direct impact on the legitimacy and integrity of the actions taken.

Ensuring the integrity of halal products for Muslim consumers requires a careful approach to the supply chain, with logistics playing a very important role. Research conducted by Kamaruddin, Iberahim and Shabudin even concluded that consumers show readiness to pay more for halal logistics services, meaning that this is a huge opportunity for the industry. This is due to the high demand from consumers for halal products and also willing to pay additional costs to provide these sharia logistics services (Kamaruddin, Iberahim, & Shabudin, 2012).

Sharia logistics not only involves managing the transportation and storage of products, but also requires a detailed process approach. These processes must be clearly documented as evidence of compliance with sharia logistics standards. Thus, a structured and documented approach in the supply chain is key to ensuring the authenticity of halal products received by Muslim consumers (Suhairi, Prameswari, Octavia, & Bayani, 2023).

b Improved Quality of Goods

The expansion of liberalization in the world of trade and services has forced logistics companies to consider global market demands in competitive strategic planning. Therefore, these business organizations must continuously innovate, as innovation can promise potential growth and development to gain a competitive advantage to get ahead in the market, including sharia logistics. In particular, the supply chain has always been seen as the most important area to innovate as it would be an effective means to gain efficiency and eliminate the accumulated competitive pressure and thus enhance innovation (Jaafar, Endut, Faisol, & Omar, 2011).

The principle of hygiene in sharia logistics can improve the quality of goods and services, reducing the risk of customer losses due to products that are not fit for consumption. As an innovator in Halal Assurance System (HAS) in the logistics industry, companies must ensure the halalness of products during the entire supply chain. They are responsible for overseeing the distribution process, ensuring that halal products are not mixed with non-halal products, thus maintaining the integrity and authenticity of halal products (Suastrini, 2023).

The sharia logistics industry has also become a solution in overcoming a number of problems that have been causing concerns (Faradina, et al., 2018). Therefore, the country should not miss the opportunity to capitalize on the

lucrative business potential in the halal logistics sector. This will not only provide a significant boost to economic and social growth, but also open up opportunities to improve the living standards of the local population. By creating jobs in the halal logistics market, countries can stimulate local economic growth, provide employment opportunities, and ultimately, improve the quality of life of local people.

c. Increased Social Justice

The implementation of sharia logistics not only creates businesses that adhere to religious principles, but also has the potential to support the improvement of social justice in the industry (Bates, et al., 2018). By applying the principles of justice, sharia logistics provides equal opportunities for all parties involved in the supply chain, including producers, distributors, and consumers. Through sharia logistics, the distribution system can be organized in a fair way, ensuring that goods are evenly distributed to different regions and groups of society (Soehardi, Lumintang, Jannah, & Nida, 2022). The principle of justice also ensures that workers in the logistics industry are treated fairly, including in terms of wages and decent working conditions. By paying attention to social justice, sharia logistics can help reduce economic disparities and improve the overall welfare of society (Rohaeni & Sutawijaya, 2020).

In addition, sharia logistics also strengthens the concept of local economic empowerment by supporting local products that comply with sharia principles. This creates a fairer economic environment for small producers and micro-enterprises, helping them to compete with large corporations in a fair and balanced market. By prioritizing social justice in the sharia logistics industry, it not only creates an ethical and sustainable business, but also drives an inclusive economy and supports social development in line with religious values (Istiqlal, 2023).

2. Challenges in Implementing Sharia Logistics

a. Additional Costs

Organizing logistics operations in line with Shariah principles is a must. Adherence to these principles in the context of logistics is not only important, but essential. This will ensure the sanctity of halal products and maintain their purity throughout the journey, from the raw material procurement and packaging process, to the storage and transportation stages. This approach not only guarantees the integrity of the halal product, but also prevents commingling with non-halal entities during the logistics process. Thus, compliance with sharia principles in logistics operations becomes the main foundation for maintaining the authenticity and halalness of halal products obtained by consumers (Febriyanni, 2023).

Trends The demand for halal-certified logistics services continues to increase, but the supply of such services is limited. In this situation, the need for sharia logistics services is not proportional to the availability, creating an

imbalance between high market demand and limited service capacity. This reflects the significant growth opportunities in the Halal logistics sector, but also highlights the importance of improving infrastructure and capacity within the industry to meet the growing market needs (Talib, Hamid, Zulfakar, & Chin, 2015).

The implementation of sharia logistics is likely to require additional investment to ensure compliance with Shariah principles, including Halal supervision and certification. This investment is needed to build infrastructure that complies with sharia standards, supervise each stage of the logistics process, and obtain halal certification from the relevant authorities (Santoso, 2020). Despite the additional cost, this investment is essential to ensure the integrity and authenticity of products produced and distributed through the sharia logistics system, meeting the expectations and trust of consumers who prioritize religious principles in their consumption.

b. Unavailability of Resources

Sharia logistics includes three main components: warehousing, transportation, and terminal operations. The establishment of principles in halal logistics serves as an important guideline in creating a global halal logistics system. These principles have several key objectives, including minimizing difficulties for the halal industry, identifying and preventing cross-contamination between halal and haram products, creating evolution in a comprehensive halal value chain and supply chain, and benchmarking logistics practices against existing standards and best practices. With the establishment of these principles, halal logistics aims to create an efficient and reliable system that ensures the integrity of halal products from the beginning to the end of the logistics process. These principles provide the foundation for the halal industry to thrive, while ensuring that halal products remain clean from contamination and meet high halal standards. In addition, by comparing halal logistics practices with existing best practices, the industry can continuously improve its service quality and provide confidence to consumers who prioritize halalness in their consumption (Syazwan Ab Talib & Bakar Abdul Hamid, 2014).

The results show that the main motivation for halal logistics players is the increasing market demand in the future and competitive opportunities related to halal services. This finding reveals that the market demand for halal products and services creates an impetus for logistics industry players to innovate and meet halal standards. By looking at the competitive opportunities offered by halal services, logistics players feel encouraged to take a role in meeting consumer needs as well as gaining an edge in a growing market (Zailani, Iranmanesh, Aziz, & Kanapathy, 2017). However, despite the huge opportunities, the industry is also hindered by the availability of resources.

Some regions may experience constraints related to the infrastructure and labor required to support the implementation of sharia logistics. These limitations may include a lack of Shariah-compliant storage facilities, as well as

a shortage of labor with a deep understanding of halal requirements in logistics. Therefore, these regions may face challenges in implementing sharia logistics efficiently and effectively. In addressing these limitations, investment in infrastructure development and workforce training in accordance with shariah principles can be an important solution to support the growth and sustainability of shariah logistics in these regions (Andika, Wisanggara, & Yoga, 2023).

E. CONCLUSION

This study highlights the importance of sharia logistics in modern business. sharia logistics combines logistics expertise with Islamic sharia principles, creating a supply chain that is halal, clean, and fair. The advantages of sharia logistics include the fulfillment of religious principles, improved quality of goods, and increased social justice in the industry. However, its implementation is not without challenges, including additional costs and limited resources. Nonetheless, with the right investment, sharia logistics can build consumer trust and support responsible business growth. Sharia logistics is therefore a must in modern responsible and ethical business.

F. REFERENCE

- Afronyati, L. (2014). Analisis ekonomi politik sertifikasi halal oleh Majelis Ulama Indonesia. *JKAP (Jurnal Kebijakan dan Administrasi Publik)*, 18(1), 37-52. doi:<https://doi.org/10.22146/jkap.6870>
- Agus, P. A. (2017). Kedudukan sertifikasi halal dalam sistem hukum nasional sebagai upaya perlindungan konsumen dalam hukum Islam. *Amwaluna: Jurnal Ekonomi dan Keuangan Syariah*, 1(1), 149-165. doi:<https://doi.org/10.29313/amwaluna.v1i1.2172>
- Andika, O., Wisanggara, R., & Yoga, I. (2023). Analisis Pengembangan Halal Logistik dengan Pendekatan Fishbone. *JEBI (Jurnal Ekonomi dan Bisnis Islam)*, 8(1), 39-61. doi:<http://dx.doi.org/10.15548/jebi.v8i1.775>
- Ashari, R. T. (2021). Pengembangan sistem logistik produk halal di Indonesia. *Halal Research Journal*, 1(1), 8-19.
- Bates, O., Friday, A., Allen, J., Cherrett, T., McLeod, F., Bektas, T., & Davies, N. (2018). Transforming last-mile logistics: Opportunities for more sustainable deliveries. *Proceedings of the 2018 CHI Conference on Human Factors in Computing Systems*, (pp. 1-14). doi:<https://doi.org/10.1145/3173574.3174100>
- Cahyono, H. (2020). Konsep Pasar Syariah dalam Perspektif Etika Bisnis Islam. *Ecobankers: Journal of Economy and Banking*, 1(2), 14-27.
- Dwiputranti, M. I. (2020). Pengembangan Model Bisnis Halal Logistik Transportasi Berbasis Business Model Canvass (BMC). *Competitive*, 15(2), 115-128. doi:<https://doi.org/10.36618/competitive.v15i2.917>

- Faradina, A., Hussein, M. Z., Husny, Z. J., Yazid, M., Mazlan, Z., Rayner, T., & Adnan, N. (2018). Halal logistics: Halal integrity and legal enforcement challenges. *International Journal of Supply Chain Management*, 7(4).
- Fathoni, M. A. (2020). Potret industri halal Indonesia: Peluang dan tantangan. *Jurnal Ilmiah Ekonomi Islam*, 6(3), 428-435. doi:<http://dx.doi.org/10.29040/jiei.v6i3.1146>
- Febriyanni, R. (2023). Perkembangan Logistik Halal. *BALANCA: Jurnal Ekonomi Dan Bisnis Islam*, 4(1), 21-30. doi:10.35905/balanca.v4i1.5185
- Istiqlal, F. (2023). Membangun Global Halal Hub Indonesia: Strategi dan Peluang untuk Mencapai Kompetitif di Pasar Global. *Halal Research Journal*, 3(2), 72-85. doi:<https://doi.org/10.12962/j22759970.v3i2.614>
- Jaafar, H. S., Endut, I. R., Faisol, N., & Omar, E. N. (2011). Innovation in logistics services—halal logistics. *Proceedings of the 16th International Symposium on Logistics (ISL)* (pp. 844-851). Berlin, Jerman: Munich Personal RePEc Archive.
- Kamaruddin, R., Ibrahimi, H., & Shabudin, A. (2012). Willingness to pay for halal logistics: the lifestyle choice. *Procedia-Social and Behavioral Sciences*, 50, 722-729. doi:<https://doi.org/10.1016/j.sbspro.2012.08.075>
- KEMENPERIN. (2020). *Perkuat Integrasi Logistik, Industri Halal RI Bisa 'Jago' di Kancan Global*. Retrieved from <https://kemenperin.go.id/artikel/22177/Perkuat-Integrasi-Logistik,-Industri-Halal-RI-Bisa-%E2%80%98Jago%E2%80%99-di-Kancan-Global>
- Komite Nasional Ekonomi dan Keuangan Syariah. (2023). *Launching Halal Logistik oleh Inticorp Logistics*. Retrieved from <https://kneks.go.id/berita/539/launching-halal-logistik-oleh-inticorp-logistics?category=1>
- Rohaeni, Y., & Sutawijaya, A. H. (2020). Pengembangan Model Konseptual Manajemen Rantai Pasok Halal Studi Kasus Indonesia. *J@ ti Undip: Jurnal Teknik Industri*, 15(3), 177-188. doi:<https://doi.org/10.14710/jati.15.3.177-188>
- Santoso, I. R. (2020). Model Pengembangan Industri Halal Era Revolusi Industri 4.0. *ARTIKEL*, 1, 4710.
- Soehardi, D. V., Lumintang, A., Jannah, W. V., & Nida, A. K. (2022). Pemberdayaan Masyarakat Melalui Edukasi dan Literasi Gerakan Gaya Hidup Halal. *Dinamisia: Jurnal Pengabdian Kepada Masyarakat*, 6(3), 642-648.
- Suastrini, F. (2023). Manajemen Logistik Halal. *Nusantara Hasana Journal*, 2(9), 260-268.
- Suhairi, S., Prameswari, A., Octavia, D. R., & Bayani, L. N. (2023). Kunci Pelaksanaan Kegiatan Logistik Halal di Indonesia Dalam Praktik Logistik Global. *Widya Balina*, 8(1), 568-576. doi:<https://doi.org/10.53958/wb.v8i1.172>

- Suhairi, S., Prameswari, A., Octavia, D. R., & Bayani, L. N. (2023). Kunci Pelaksanaan Kegiatan Logistik Halal di Indonesia Dalam Praktik Logistik Global. *Widya Balina*, 8(1), 568-576. doi:<https://doi.org/10.53958/wb.v8i1.172>
- Syazwan Ab Talib, M., & Bakar Abdul Hamid, A. (2014). Halal logistics in Malaysia: a SWOT analysis. *Journal of Islamic Marketing*, 5(3), 322-343. doi:<https://doi.org/10.1108/JIMA-03-2013-0018>
- Talib, M. S., Hamid, A. B., Zulfakar, M. H., & Chin, T. A. (2015). Barriers to Halal logistics operation: views from Malaysian logistics experts. *International Journal of Logistics Systems and Management*, 22(2), 193-209. doi:<https://doi.org/10.1504/IJLSM.2015.071545>
- Thoyyibah, U. M. (2019). ANALISIS PENGARUH LOGISTIK HALAL TERHADAP KEPUASAN PELANGGAN BERDASARKAN TEORI SERVICE DOMINANT LOGIC MENGGUNAKAN STRUCTURAL EQUATION MODELS (Studi Kasus: Sofyan Inn Hotel Unisi Yogyakarta). *Doctoral dissertation, Universitas Islam Indonesia*.
- Vikaliana, R., Evita, Y., & Komala, A. L. (2021). Model Halal Traceability Dengan Pendekatan Cld Pada Manajemen Rantai Pasokan Makanan Menggunakan Teknologi Blockchain. *Jurnal Ilmiah Ilmu Terapan Universitas Jambi| JIITUJ|*, 5(2), 150-160. doi:<https://doi.org/10.22437/jiituj.v5i2.15895>
- Warto, W., & Samsuri, S. (2020). Sertifikasi Halal dan Implikasinya Bagi Bisnis Produk Halal di Indonesia. *Al Maal: Journal of Islamic Economics and Banking*, 2(1), 98-112. doi:<http://dx.doi.org/10.31000/almaal.v2i1.2803>
- Zailani, S., Iranmanesh, M., Aziz, A., & Kanapathy, K. (2017). Halal logistics opportunities and challenges. *Journal of Islamic Marketing*, 8(1), 127-139. doi:<https://doi.org/10.1108/JIMA-04-2015-0028>
- Zaroni. (2016). *Jalan Panjang Logistik Halal di Indonesia*. Retrieved from <https://supplychainindonesia.com/jalan-panjang-logistik-halal-di-indonesia/>