

## THE HALAL PURCHASING STRATEGIES ON MANUFACTURING PERFORMANCE

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### **Abstract**

**Purpose** - The purpose of this study is to introduce a new framework to optimize the design of halal purchasing strategies towards the manufacturing industries performance.

**Design/methodology/approach** - The study utilizes large group of executives and managers in the purchasing and supply chain department from manufacturing firm in Malaysia.

**Findings** - The finding shows that the purchasing strategies (effective negotiation, collaborative relationship and interaction, effective cost management, supply base management, and strategic sourcing management) and halal policy (responsibility, scope, assurance, and method of assurance) determine the manufacturing purchasing performance. More empirical research is needed to further refine the Halal Purchasing Strategies for different product-market combinations. Second, conduct qualitative research to various industries.

**Research limitations/implications** - This research shows that halal purchasing strategies is different from conventional purchasing method, which requires a halal policy and specific design parameters for effective negotiation, collaborative relationship and interaction, effective cost management, supply base management, and strategic sourcing management.

**Originality/value** - The halal purchasing strategies can be an important instrument to design and manage halal purchasing in extending halal integrity from source to point of consumer purchase. It could be implemented as a practice mediating the impact on manufacturing performance in order to remain competitive in the challenging and competitive business environment.

**Keywords** Malaysia, Manufacturing performance, halal purchasing techniques, halal Paper type Research Paper

### 1. INTRODUCTION

In current commerce environment, fast changes and advanced way on managing cost control is essential in order to compete in worldwide competition. This situation has forced manufacturing firms to react toward uncertainty rapidly. Hence, organization is required to revive their practices and techniques in developing of world-class competitors in local and international business to meet market needs. It has been long been recognized that the purchasing function can play an important strategic role in contributing to the success of a firm (Hogarth and Einhorn 1992). In the face of



mounting economic uncertainty and a volatile business environment, purchasing and supply management is now regarded as a key source of competitive advantage (Carter 2009; Ting and Cho 2008).

Islam is the religion governed by rules and customs built on five mainstays, which every Muslim has to observe: shahadah or witnessing; Salat or prayer; zakah or charity; Sawm or fasting and Hajj or pilgrimage (Mahamat, 2011). In addition to these, Muslims have to monitor their way to purchased product or services to advance their well-being (Omar et. Al 2013). These rules are found in the Quran and in the Sunnah, the practice of the Prophet Muhammad (P.B.U.H), as recorded in the books of Hadith. Halal is a word which originated from Arabic language meaning “lawful or permitted”. Halal means those things that are permissible or lawful under Sharia, i.e. Qur’an and sayings of the Holy Prophet (P.B.U.H), i.e. Hadith. Based on the Awan (2014), the Muslims halal industries is nearly of worth US\$2trillion, which makes it one of the most growing consumer markets segments. Around 1.6 billion Muslims make the 23.4 per cent global percentage. If the current trend continues, there will be an increase of 26.4 per cent and the total population the Muslims will reach 8 billion in 2030 (Temporal, 2011). However, according to Tiemen (2013) the role of purchasing in the halal food supply chain and value chain has been largely understudied and poorly understood. Moreover, there is still a wide gap on halal purchasing strategies on non-halal industries such as manufacturing.

Purchasing has obtain popularity, is now seen as a key value adding function that viewed as strategic to the firm’s successful performance (Cousins, Lawson, and Squire 2008). As a consequence, it is vital to the organization to adopt purchasing function into organization business strategy as every business trying hard to decrease its cost of delivering most unique products and services to their customers and at meantime to preserve the interest of stakeholders (Monczka, Trent, and Handfield 2002). Research on purchasing and supply management has recently focused on how the purchasing function should be aligned to the company strategy to increase competitiveness (Baier, Hartmann, and Moser 2008; Cousins et al. 2008; González-Benito 2007; Knoppen, Christiaanse, and Huysman 2010). The role of purchasing in supply chain management is very important as an intermediary step in the supply chain because it connects suppliers with purchasing’s internal customers who, in turn, provide products and services for external customers (Stanley and Wisner 2001). According to (Spekman, Kamauff, and Spear 1999), the importance of the purchasing function can be easily understood if one also considers that purchased goods and services typically represent from 50 to 70 percent of an organization’s revenues. Consequently, purchasing decisions have a potentially great impact on the firm’s end product and the overall business performance. Due to the growing importance of purchasing function, and of its linkages within firm’s supply chain, several authors that are (Lotfi et al. 2013) have suggested that firms have sought to improve their performance in this critical area.

Today, the role of purchasing not only limited in obtaining the right material, but been expended in acquisition of product in the right quantities, with right delivery time and place, from the right source and at the right market place which been encompass as purchasing function (Ibrahim & Jaafar, 2016). In addition, on average manufacturing firms expend about half of their sales dollar in the purchase of raw materials, components, supplies and services (Janda and Seshadri 2001). This gives purchasing function extraordinary potential to increase profits by contributing 50 percent saving on every dollar expense. As a consequence, cost of purchase reduction has larger impact in increment of profit in an organization compare to other functional activities in an organization (Arnold & Chapman, 2004). This creates purchasing role a strategic function in a firm’s growth (Giunipero et al. 2006) and success which enhanced shareholder value (Das and Narasimhan 2000). As cited by Janda and Seshadri (2001), from Kiser (1976), purchasing strategies been divided into six areas which focus on negotiation, sourcing, developing and maintaining good relations with suppliers, developing suppliers, protecting the cost structure of the company and minimizing costs. Development of these elements in purchasing strategies creates path for manufacturing excellence performance through manufacturing priorities with key focus on cost, quality, delivery, and innovation (Das and Narasimhan 2000). This study covers literature review focusing on theoretical issues and hypothesis development in the following section. This will follow by analytical framework and research procedures with describe the data and variables used by study together with finding and interpretation. Implication, limitation of the study, suggestion for future research and conclusion will be discussed in later part.

Additionally, through this paper the authors would like to discuss the halal purchasing strategies. This article builds further on research conducted by Tieman et al. (2013) on the



application of halal purchasing in supply chain management and strategic purchasing by Carr et al. (2002). Tieman (2011) argues that halal goes through an evolution from a Muslim belief, towards everyday routine activities, purchasing halal product, halal supply chain and halal value chain. Purchasing has an important function in each phase. Tieman et al. (2012) also argues that the establishment of halal supply chain management is grounded on direct contact between halal and haram, risk of contamination and perception of the Muslim consumer. The perception, grounded in the Islamic school of thought, local fatwas and local customs, brings complexities to the purchasing field of study. Furthermore, purchasing is critical in a halal food supply chain, for its role in defining and managing the upstream supply chain network structure through commodity strategies; determine specification, supplier selection and integration; and ordering, expediting and evaluation of suppliers.

## 2. LITERATURE REVIEW

### 2.1 PURCHASING STRATEGIES

Generally, purchasing in a manufacturing firms make available of quality of raw materials, spare parts for machine and factory maintenance as well as services in daily operation of an organization. The growth of manufacturing sector recognized the importance for firms to involve effectively in purchasing strategies. Hence, in attempt to strive through the competitive and effective business environment, purchasing strategies that focusing on formulating favorable business deal with suppliers through identification and development of competitive sources for high quality as well as lower cost raw materials and spare parts and excellent services is important for world class manufacturing firms. As a result, this study utilize four elements of purchasing element which been developed by Kiser (1976) and later been modified by Janda and Seshadri (2002). Apart from the four elements from previous research, this study added one additional purchasing element that is sourcing management. Kiser (1976) study provide six purchasing strategies such as negotiation, developing and maintaining good relations with suppliers, developing suppliers, sourcing, protecting the cost structure of company and minimizing cost. The present research adapted Kiser's model on purchasing strategies into four elements of purchasing strategies. Purchasing strategies in this study maintain effective negotiation and collaborative supplier relationships and interaction, while supply base management strategy subsumes the sourcing and developing suppliers and lastly sourcing management in Kiser's purchasing strategy. The effective cost management includes Kiser's latter two strategies that is protecting the cost structure of company and minimizing cost. The study believed that comprehensive integration of purchasing strategies proposed by Kiser need to be investigated towards manufacturing performance especially in the context of manufacturing firm.

#### 2.1.1 EFFECTIVE NEGOTIATION STRATEGY.

Generally, negotiation is an important element to execute in purchasing strategies that an organization developed. Negotiation can be defined as the process involving two or more people of either equal or unequal power meeting to discuss shared or opposed interests in relation to a particular area of mutual concern (Hazeldine 2009). Negotiation will be used to reduce the gaps between purchaser and supplier in their relationship. As adopted from Porter's (1980) model by Mol (2003), bargaining power is the most apparent force associated to purchasing management. Sustainable competitive advantage can be achieved when firm find the best ways to compile resources to have more bargaining power with supplier. Gaining bargaining power with supplier is a part of negotiation skills in purchasing organization. According to Giunipero and Percy (2000), customer focus, influencing and persuasion and understand business condition are fundamental for negotiation process.

Effective negotiation and communication able to foster great business relationship among supply chain partners. Ramsay (2004) noted that negotiation process is crucial of managing differences in business relationships between buyers and suppliers in supply chains. Negotiation can be break down into two major approaches. One of the approaches is cooperative negotiation that emphasizes on win-win formula between both parties that involve in negotiation process. This is genuine integrative bargaining whereby both parties assume that all aspects of their interest been taken care well in order to maximize their cooperative value and benefit (Dion and Banting 1988; Ramsay 2004). Lax and Sebenius (1986) quoted cooperative negotiation approach also rebrand as value creates (Nauta and Sanders 2000) or problem solving approach which creates trust and mutual understanding environment between both parties (Alexander, Schul, and McCorkle 1994). Another approach of negotiation is competitive negotiation which is genuine distributive and adverse towards common understanding. This approach focus on individual interest by which each party



attempt to maximize the self gain through enforce time pressure, aggressive approach, cost competition tactics, lack of flexibility and threatening lost of business in order to gain advantage against the other party.

#### *2.1.2 COLLABORATIVE RELATIONSHIP AND INTERACTION STRATEGY.*

Developing collaborative relationship with supplier is the key element in purchasing strategy. Supply chain relationship been explained by transaction cost theory, political economy theory, social exchange theory and resource dependency theory which contributed to fundamental study for behavioral dimensions of supply chain relationship (Fynes, Voss, and De Búrca 2005; Su et al. 2008). According to Mark (2004), supporting element of buyer-supplier collaboration as cultural element which made of mutuality, trust, communication, information exchange and openness. Golicic and Mentzer(2006) in their empirical study outlined the relationship magnitude examined in detail how relationship magnitude in term of trust, commitment and dependence as independents variable toward relationship value.

Relationship value had been identified as beginning step of quantifying measurement of relationship outcome. Larson(2000) cited Ellram and Pearson (1993) input on buyer-supplier cooperation through unity, teamwork, trust, co-ordination and respect. Meanwhile, Humphreys, Shiu and Chan(2001) also explained that collaborative relationships demand for trust and commitment for long term cooperation in addition to willingness to share risks. Lengnick-Hall (1996) supported that commitment and trust been developed through effective communication. In the meantime, Chandra and Kumar (2000) reported that trust, commitment and collaboration were becoming more popular in supply chain relationships because of their ability to decrease fraction and uncertainty. Commitment from both supplier and buyer been exercised through committing resources to the relationship which exist through the expense, time and amenities of an organization (Zailani and Rajagopal 2005). Whipple and Frankel (2000) examined the development of trust, respect and commitment are from openness and honesty. These characteristics enhance relationship quality. A quality relationship with a supplier can be expected to yield favorable effectiveness outcomes such as good supplier relations and supplier willingness to make adjustments for the buyer. Development of mutual trust is the base for strong relationship. All issues related buyer-supplier need to be shared openly and honestly in order to gain their trust and commitment (Whipple and Frankel 2000)

#### *2.1.3 EFFECTIVE COST MANAGEMENT STRATEGY.*

This factor is considered a major of purchasing strategy-affecting performance in manufacturing. According to Janda and Seshadri (2001), they found that each percentage saved in purchasing price can save half point in sales thereby contributing significantly to reducing costs. Thus, the costs goal will focus on manufacturing a product, which can be sold at an acceptable profit while giving a long-term competitive advantage against the price of the competitor's product. Zailani, Amran and Jumadi (2011) stressed out that for management strategy in goal-costing, there are three elements involved which are the primary element is knowing the competitive position of an organization in order to effect further improvement in overall competitiveness. The second element is focuses on cost driver analysis, which is the breakdown of cost components so that cost reduction opportunities can be revealed. The third and final element of goal costing is the value chain breakdown that shows the involvement of other members in the value chain (Ellram 2000). This benefit contribution in purchasing function required focus on total cost management as part of purchasing strategy influencing manufacturing performance.

#### *2.1.4 SUPPLY BASE MANAGEMENT STRATEGY.*

Supply base management is one of the key elements in deciding the optimum number of supplier for continuous improvement and development. Consequently, maintaining right number of suppliers is the crucial element to achieved effective management and continuous development of its supply base. Monczka et al. (2004) identified that supply base optimization will contribute in quality, cost, delivery and information sharing improvement between buyer and supplier. The best suppliers will be identified in terms of number and quality using supply base optimization that is continuous process.

#### *2.1.5 STRATEGIC SOURCING MANAGEMENT.*

The dynamic supply environment, the increasing level of competition in the worldwide market, the uncertainty of global business environment and the corresponding changes in firm's purchasing function indicate that sourcing should play and significant role in a firm's strategic decision making



process. Gottfredson et al. (2005) proposed that strategic sourcing have various integration with different functions of a firm including purchasing, operations, logistics, marketing, engineering, etc. Strategic sourcing includes integration and coordination of a firm's different functions to the firm's strategic decision-making level. Strategic sourcing monitors the constant changing business conditions especially the supply trends that are developing in the marketplace, interprets the meaning of these trends, and offers valuable information to a firm's strategic decision-making process (Jin Su, Vidyaranya B. Gargeya 2012). According to Giunipero et al. (2008) and Chandra and Kumar (2000), global supply chain has been identified as a powerful force within corporations and the world community. Strategic sourcing is a critical component in global supply chain management (Barney and Hesterly 2010; Chopra and Meindl 2010). Carr and Pearson (2002) defined strategic sourcing as the process of planning, implementing, controlling, and evaluating highly important sourcing decisions in an effort to meet a firm's long-range plans and goals. Carr and Smeltzer 1999, 2000).

## 2.2 HALAL POLICY

Halal implementation needs commitment from the top management level through a halal policy (Department of Standards Malaysia, 2010a, b), which acts as foundation for the any organization. Amongst others, a halal policy addresses: the responsibility of an organization in protecting the halal integrity along the supply chain; scope of halal certification of the organization; the assurance to the consumer or customer (the promise); and method of assurance (control mechanism; covering aspects like halal committee, halal compliance officer and inspections). In line with the integral demand and supply chain model (van Amstel and van Goor, 2001) and the framework for chain/network development for food supply chains (van der Vorst and Beulens, 2002), supply chain objectives (logistics and customer service objectives) are being formulated that direct the design parameters (Schnetzler et al., 2007) of halal supply chains.

## 2.3 MANUFACTURING PERFORMANCE

Studies that conducted by Leachman et al. (2005) on manufacturing performance exposed that most of the researchers evaluating manufacturing performance are having the same common understanding that need to have multiple performance measurement. Before 1980s, looking back at that era on the evaluation of performance measurement, the performance measurement process was primarily focused with cost accounting approach which contains of financial key performance indexes such as return on investment (ROI) and profit plus earning per share (Gomes, Yasin and Lisboa 2006). Nonetheless, concentrating only on the financial indicators alone been disclosed to the critics that other non-financial indicator which contribute towards organization performance been neglected and will only lead to short-term thinking.

On the other hand, Gomes, et al. (2006) described the revolutionary of the performance measurement approaches been used by researchers in their attempt to comprehensively measured the manufacturing performance aspects. Dsouza and Williams (2000) described on application of problem specific approaches on their research the essential of processes and tasks flexibility measurement as an answer to address the market volatility and to fulfill the diverse customer needs. Performance Prism as the focal point of the performance measurement process been established on the foundation of multi-dimensional framework by incorporating the stakeholder contribution and fulfilling their satisfaction level. As a consequence, the performance evaluation best described in term of attaining sustainable achievements without factoring for corresponding resources or efforts pledged which normally underestimate the true competitive status in the decision making unit.

## 2.4. THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

As mentioned earlier, the five elements of purchasing strategies used in the framework (effective negotiation, collaborative relationship and interaction, cost management, supply base management and sourcing management) are from six dimensions of purchasing strategies proposed by Kiser (1976). In his particular research on purchasing strategies, Kiser suggested six purchasing strategies which consist of negotiation, sourcing, developing and maintaining good relations with suppliers, developing suppliers, protecting the cost structure of company and minimizing costs. Anyhow, in following research by Janda and Seshadri (2001), which applied Kiser's framework to abstract four purchasing strategies that are effective negotiation, collaborative relationship and interaction, supply base and temporal relationship. As a result, this research outlines three purchasing strategies from Janda and Seshadri (2001) and two additional strategies on sourcing and cost management which subsumes Kiser's last two strategies on cost which are protect cost



structure of firms and minimize cost. In today development, cost element plays a substantial role on firm’s profitability and build up shareholder value. Additionally, to integrate the halal elements on the purchasing strategies, Tieman et al. (2012) halal supply chain model on the halal policy is suitable for the proposed model. The four element of halal policy, which are responsibility, scope, assurance will act as a halal fundamentals in Thus, conceptualization of these eight dimensions is examined as the most suitable purchasing strategies dimension for the present study. Based on Figure 1, the main sets of variables are categorized into independent, mediator and dependent variables.

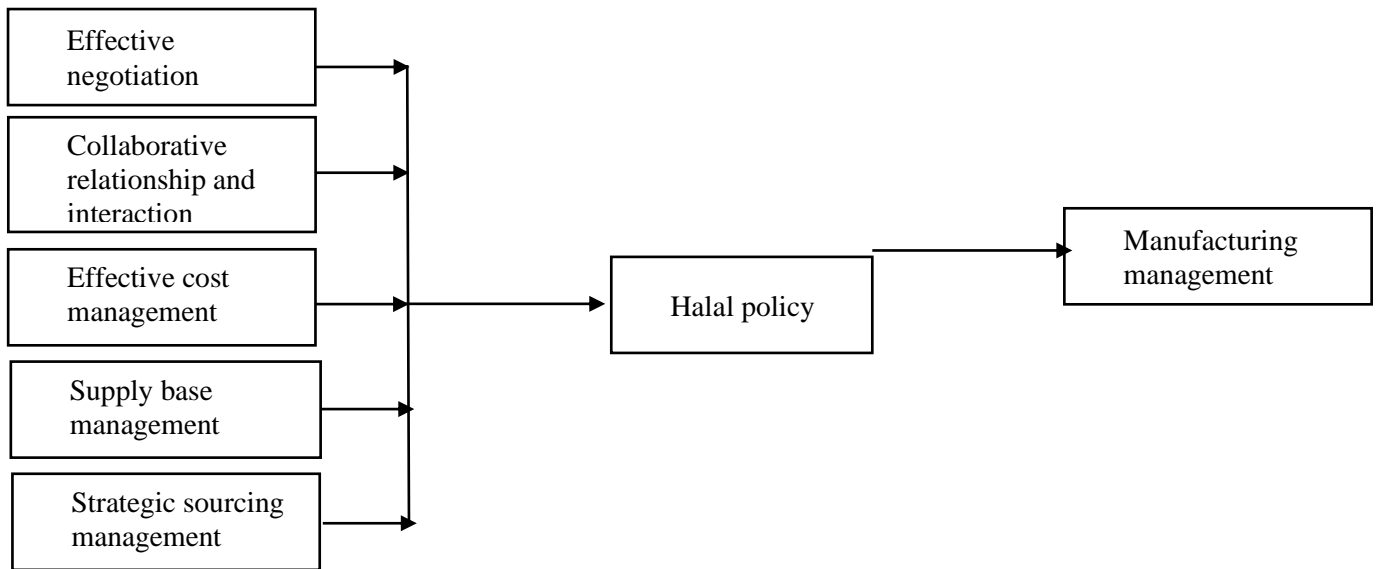


Figure 1: The Theoretical Framework

As outlined earlier, Janda and Seshadri (2001) proposed that effective negotiation able to build up win-win formula whereby both purchaser and supplier satisfied with the outcome of the negotiation process and believe their interest in the negotiation process well protected. As a consequence, this will lead to supplier loyalty enhancement and supplier relationships. Therefore, with the references of halal policy, supplier will become more crystal-clear to buyer needs with flexibility to fulfill buyer requirement, provide excellent quality of products with on time delivery which finally leading to cost reduction. As explained effective negotiation strategy will anyhow support the manufacturing performance that measured through cost, quality, delivery, flexibility, innovation and responsiveness. As such the hypotheses proposed are:

*H1. Effective negotiation strategy has significant positive impact on halal policy*

In recent years, the relationship between buyers and suppliers has received considerable attention (Humphreys et al. 2001). Traditionally, purchasing was considered as a clerical function, where the relationships between suppliers and buyers tended to be adversarial but nowadays, many organizations are moving towards a more collaborative approach (Humphreys et al. 2001). Janda and Seshadri (2001) also supported that strong integration with supplier able to create cooperation with suppliers in providing strategic information and technical guidance for product quality improvement, effective delivery performance and cost reduction through non-value added activity elimination with supply assurance. According to Barratt (2004), he has cited that many authors when talking about collaboration cite mutuality of benefit, rewards and risk sharing together with the exchange of information as the foundation of the collaboration. Organizations have for many years strived to improve the efficiency of their internal supply chain activities for instance purchasing, manufacturing and logistics (Fawcett and Magnan 2002). At the same time, (Ireland and Bruce 2000) reported that organizations have been very successful with these improvement initiatives, the results when seen from supply chain wide perspective could be interpreted as the redistribution of costs and inventory both up and down the supply chain.



In the meantime, more opportunities for greater improvement can be achieved when organization competing supply chains that manage through collaboration to integrate supply and demand, deliver significantly improved performances, offering halal purchasing and benefit closer relationships within supply chain members (Barratt, 2004 and Tieman, 2011). Fynes et al. (2005) findings stressed that collaborative relationship and interaction components such as trust, communication, cooperation and adaptation have significant positive relationship with manufacturing performance elements such as quality and cost. Thus, the following hypotheses generalize the relationship of collaborative relationships and manufacturing performance:

*H2. Supplier collaborative relationship and interaction has significant positive impact on halal policy.*

Zsidisin and Ellram (2001) research supported that target costing, total cost of ownership and understanding supplier cost are costing tools which able to support firm in overall reducing manufacturing costs. Through collaborative interaction and references from halal policy, buyer will have detail information and understanding of cost breakdown information provided by supplier. Thus, the buyer should do strategic alliance with key supplier to focus on cost driver factors to eliminate hidden costs. Tracey and Tan (2001) also proposed that strategic management of supplier able to produce competitive pricing through reduction of production cost of supplier, minimize the rework activity and optimum level of inventory. Total cost of ownership is purchasing tool and philosophy aimed at understanding the relevant cost of buying a particular good or service from a particular supplier (Ellram and Siferd 1998). As such the hypotheses proposed are:

*H3. Effective cost management has significant positive impact on halal policy.*

Elements in managing the supplier base are supplier selection and supplier assessment. Carr (2002) described that supplier selection base on price, quality, delivery and performance of product have significant relationship with four elements of customer satisfaction which are product quality, product variety, delivery service and competitive pricing as well as for firm performance. Carr (2002) added that supplier participation during product design and continuous improvement creates significant impact on delivery service and firm performance. Moreover, Vonderembse and Tracey (1999) described that supplier selection criteria and supplier involvement as part of supply chain management strategy are positively correlated with manufacturing performance. Consequently, two major components in supply base management strategy correlation impact on halal policy provide evidence on the existence of link between them. As such the hypotheses proposed are:

*H4. Supply base management has significant positive impact on halal policy.*

As mention by Sinha et al. (2011), organizations now realized the benefits and competitive advantages brought about by integrating sourcing into firm's strategic planning. Based on the resource-based view theory, the sourcing function has access to its supply base, make it as one of the largest resources for a firm. According to Lao et al. (2010) and Giunipero et al. (2006), buyers adopt a strategic approach to search for suppliers whose expertise and competence that can contribute to their ability to be feasible competitors. The knowledge of supplier markets, events, and technologies are critical to business success. Strategic sourcing with the fundamental of halal policy, helps an organization to obtain its competitive advantages by providing value in effective cost management, offering the firm valuable information regarding supply trends, and developing close relationship with key suppliers. Thus, Sinha *et al.* (2011) also supported that firms use strategic sourcing to make the best decisions and increase the firm's bottom line profits. The strategic contribution of sourcing to manufacturing and business goals has been highlighted in industry studies (Jin and Farr 2010; Chen et al. 2004). Based on the above discussion, as such the hypotheses proposed are:

*H5. Strategic sourcing management has significant positive impact on halal policy.*

The halal policy in purchasing function plays a crucial role in the sourcing of halal certified raw materials, ingredients and additives, packaging materials, transportation, warehousing, etc. According to Tieman (2012), there is no empirical and theoretical research has been found that studies the application of halal in purchasing. Nevertheless Tieman (2012) proposed a conceptual



model on halal purchasing model focused on consumer good such as chicken and meat. On the other hand, there is a gap on halal purchasing model for manufacturing industries focused on purchasing non consumer goods such as machinery and services. Based on the above discussion, as such the hypotheses proposed are:

*H6. Halal policy has significant positive impact on manufacturing performance*

### 3. METHODOLOGY

A set questionnaire will be given to the managers in manufacturing industries in order to obtain information and in-depth knowledge about the purchasing strategies that influences manufacturing performance. The questionnaires will be distributed to the respondents through self-administered questionnaires, the e-mail.

#### 3.1 Development of Questionnaires

The model of questionnaire for halal purchasing strategies was adapted from Janda and Seshadri (2001) as it was referring to the four critical variables influencing purchasing performance through effectiveness and efficiency which eventually leads towards manufacturing performance. On the other hand, some items measuring supply base management and collaborative interaction been adapted from Kannan and Tan (2003); Wu, Chiag, Wu and Tu (2004). On top of this, there are also some self-constructed items which been added in order to create more comprehensive measurement on the variables studies based on Tieman (2012), Carr (2002) and Ibrahim and Harlina (2016). Lastly, the model of questionnaire for manufacturing performance was adapted from Das and Narasimhan (2000) research as it was referring to purchasing competence and its relationship with manufacturing performance.

The questionnaires consist of two main sections that are Section A, designed to measure the independent variables and Section B, measuring the mediator variables and Section C, measuring the dependent variables. Respondent will be asked to indicate their perception on purchasing strategies practice in within the organization and their impact on manufacturing performance. The questions designed with 6-point Likert scale ranging from *strongly disagree* (1) to *strongly agree* (6) for Section A and Section B.

### 4. CONCLUSION

Halal purchasing is an effective alignment between the halal policy, purchasing strategy and manufacturing performance. With the implementation of halal policy in purchasing strategy, halal will leads to stronger partnerships with suppliers and adopting various strategies to secure continuity of supply. Halal policy also giving aid for the purchasing process, namely for its tactical purchasing as well as the operational purchasing process

Halal purchasing means those things that are permissible or lawful under Sharia. Halal purchasing is an important Muslim discipline in defining the buyer-supplier relationship. Muslims have to monitor their way to purchased product or services to advance their well-being. As many companies today are halal certified, the purchasing profession is increasingly dealing with the complexity of halal requirements in sourcing of products and services. This conceptual paper proposes a halal purchasing strategy model for the development of the halal purchasing function in manufacturing industries.

Although this conceptual paper provides a better understanding of the purchasing function in a halal purchasing strategy in manufacturing industries, more empirical research is needed in halal purchasing to better understand the challenges and solutions surrounding the sourcing practices of halal certified companies.

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