

Research Article

Religious Requirements in Inter-organizational Networks of Halal Foods: Brazilian Chicken Exported to the Muslim Community

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Abstract: The objective of the study is to describe how the actors within the network of companies involved in the export of Brazilian Halal chicken interact in order to meet the religious requirements of the Muslim market in the Middle East. Qualitative research was undertaken via a single case study. Primary evidences were collected in semi-structured interviews and via participative observation within the network; secondary evidences were collected through documents and the internet. The results indicated that the interaction between the actors of the network creates important conditions for the commercialization and acceptance of Halal chicken produced in Brazil for the Middle East. The local Islamic centers, which are central institutions of the network, provide credibility and integrity to Muslim consumers.

Keywords: Chicken exports, corporate social networks, halal, muslim market, religious precepts

INTRODUCTION

Companies who act in networks have the possibility of accessing resources that are critical to their business (Gulati and Gargiulo, 1999). In productive networks, whose structure consists of inter-related companies, the performed activities produce a specific output of value to the client-purchaser (Lambert and Cooper, 2000). In agribusiness networks, there are companies that act in different stages, from development or extraction of raw materials, to transformation and leading distribution (Folkerts and Koehorst, 1998).

Studies regarding agribusiness networks in emerging countries such as Brazil depend on studies regarding chicken meat, bovine meat, orange and soya, with a focus on social and economic development, on the generation of jobs and on Brazil's competitiveness in the international context (Nelson, 2013). The present study focuses on agribusiness activities involving Brazilian chicken, which occupies the first position on the world export market since 2004, surpassing European countries and the United States (USDA, 2013). In 2013, The Middle East stood out as having imported approximately 1.4 million tons of the 3.8 million tons exported by Brazil (UBABEF, 2014). Since the 1970s, Brazilian exporters have been adapting themselves to the demands of the Muslim market with regard to the tenets of Islam (Tieman *et al.*, 2013), i.e., the country specialized in the production of chicken

using the Halal method. The nomenclature represents the foods allowed for consumption by Muslims according to the precepts of the Koran, Bee Surah, verse 115: "...they have forbidden only the animal which is found dead, blood, pork meat and the animal which is sacrificed by invoking a name other than Allah" (Holy Quran, 2014).

For the production of Halal food, the action of various actors in the network is important for the fulfillment of religious requirements (Tieman and Ghazali, 2013). This is valid for the different stages of the certification process (from supply of production input to final product distribution). Compliance with the religious precision of the entire value chain is essential to confer credibility on Halal foods, at times bringing positive perceptions even by non-Muslim consumers (Zulfakar *et al.*, 2014).

Bearing this in mind, the aim of the present study is to describe how the exporters in the network of companies involved in the export of Brazilian Halal chicken interact in order to meet the religious requirements of the Muslim market. The study is relevant in that it presents a specific business situation, in which different actors are mobilized by their respect for religious rules. Although studies concerning the religious food market are less frequently discussed between academics (Tieman and Ghazali, 2013), one cannot disregard the importance of the topic for the field of agribusiness and its management.

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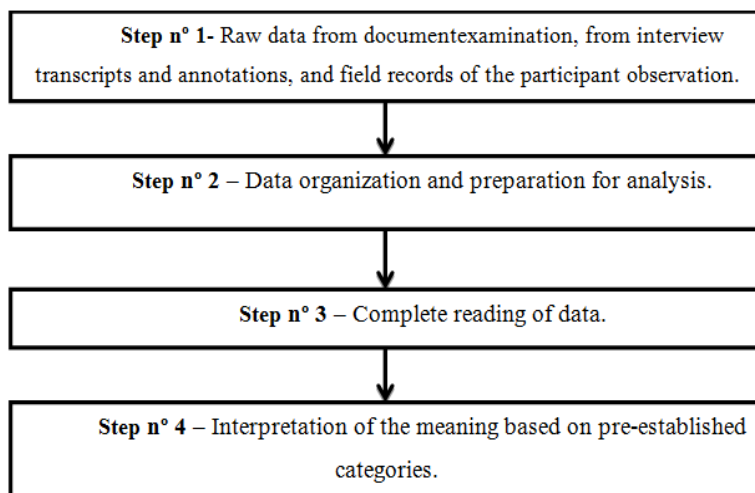


Fig. 1: Analysis of data in the qualitative study (Creswell, 2010)

METHODOLOGY

This qualitative study investigates a social phenomenon, which has arisen via the interaction between companies and institutions that form an arrangement focused on the production and sale of chicken to the international market: producers, abattoirs, Islamic Centers, industry associations, government and chambers of commerce. This study argues that the absence of this interaction, coordinated by the social agents, would compromise the creation of value for the Muslim purchaser.

The strategy adopted for the study is that of a single case study (Yin, 2010), applied to the export network of Brazilian Halal chicken. The case study applied to inter-organizational investigations is defined as including a network or a small number of networks in which multiple sources of evidence are used for the most reliable description possible (Halinen and Törnroos, 2005). A group of companies that are connected with the aim of doing business or provide financial, technical or institutional support for its effectiveness is considered an inter-organizational network. Empirical evidences were collected via:

- Examination of documents of slaughterhouses, Brazilian Union of Aviculture, Ministries and an agency of the Federative Republic of Brazil (i.e., Ministry of Foreign Affairs; Ministry of Development, Industry and Foreign Trade; Ministry of Livestock, Farming and Supply and National Agency for the Promotion of Exports and Investments), four Islamic Centers, the Brazil-Iraq Chamber of Commerce and Industry and the Islamic Chamber of Commerce and Industry.
- Semi-structured interviews, face-to-face interaction with key-informants who have the decision making power linked to the companies and institutions previously cited, questioned by the researchers as to their behavior and action within the network.

- Participant observation, conducted by one of the researchers who participates as an active member of the network of Halal chicken exporters of Brazil, as president of the Brazil-Iraq Chamber of Commerce and Industry and the Brazilian Islamic Industry, member of the Brazil-Iraq Joint Commission, member of an Islamic center that was a participant in the network and a chicken producer. The study showed the participant observation to be relevant, because it allowed evidence from the viewpoint of an internal actor, as opposed to an external actor, for the case study. The gathering of evidence via participant observation in the network of Halal chicken exporters of Brazil included field records and annotations of activities at the location of the study.

Evidence was gathered between August and December, 2013. At the end of the data gathering, the researchers assembled the data according to predetermined categories, extracted from the theory of inter-organizational networks, such as the:

- Interaction between actors
- Behavioral norms for the governance of the network. The process is illustrated in Fig. 1 and described by the following steps:

Step nº 1: Agglutination of empirical evidences collected through document examination (in text format), interviews (audio) and participant observation (research diary).

Step nº 2: Data organization.

Step nº 3: Full reading in order to obtain a general perception of the information.

Step nº 4: Interpretation, to capture the essence of the speech, behavior and actions observed in the research participants.

RESULTS AND DISCUSSION

Brazil exports whole chicken, chicken pieces and salted and processed meat to Muslim countries (UBABEF, 2014). In relation to the slaughter of chicken that occurs in the slaughterhouses, there are specificities in relation to traditional slaughter:

- The incision is quick and deep in the chicken's neck, cutting the jugular, trachea and esophagus
- The hooks on the production line face Mecca, in Saudi Arabia
- The slaughter of the bird is done by a practicing Muslim, accompanied by a practicing supervisor, linked to the Islamic Centers that issue the certificate (valid per production batch) of Halal chicken in the slaughterhouses (Cibal, 2013). The Halal food industry has a turnover of approximately USD700 billion per year and is one of the fastest growing industry in the world (World Halal Forum, 2013). Respect for religious Islamic principles is fundamental for the export of food to the Middle East, especially chicken:

During the audit, a technician and a religious representative will be present. The religious representative confers the part relating to the adherence to the Islamic rules and the technician observes the application in terms of production. After that, if all is approved, a certificate (called a license) is issued, which accompanies the product. This licenses the slaughterhouse (Islamic Dissemination Center for Latin America).

When the Company received a request from some clients who demanded Halal and who demanded the specific certification of the Islamic Center, we seek to fulfill the request, the client needs (Slaughterhouse).

Halal production is based on Islamic precepts, taken from the Koran (Muslim holy book) and foods of animal origin are the most regulated by Islam (Bonne and Verbeke, 2008). There are different interpretations for groups, such as Sunnis and Shiites, but the general rule is the same:

When Islam was revealed and was being formed, one of the topics raised and religiously determined in Islam was the question of food, of everything that is ingested. Said process was legalized and placed within the rules, conditions and legally religious parameters (Islamic Center of Brazil).

Muslims are limited in their consumption of certain items, considered by practitioners as harmful to the human body, such as alcoholic drinks, pork meat, certain types of fish and any animal that is not slaughtered according to Islamic precepts (Al-Khazraji, 2008). In Brazil, such precepts are effectively used in the slaughter in slaughter houses. In addition, it is

compulsory to the compliance with the sanitary conditions of the country, which are audited by the Federal Inspection Services of the Brazilian Ministry of Agriculture, Livestock and Supply. In the network of companies, information regarding all the stages through which the chicken has passed until it reaches the slaughter house is systematically tracked, to eliminate any doubt for the Muslims (in Arab, mashbooh) about the process. Incidents that cast doubt on a particular batch cause that batch to be discarded (for Halal export):

We know that in food biotechnology there are developments of elements considered illicit to human health, called invisible foods. They are derived from pork, derived from animals that were not slaughtered according to Islamic jurisprudence, blood, derived from insects, which are being incorporated into the industrialized environment and being offered for human consumption (Federations of Muslim Associations in Brazil).

The feeding of chickens is part of the verification process by the Islamic Centers to certify the slaughter. In exports to Saudi Arabia, for example, the feed is totally green fit (of vegetable origin), without traces of animal proteins. There are production units in the network that prefer to have only Halal, even if part of the production is destined to non-Muslims, with the intuit of avoiding any doubt on the part of the Muslim consumer, maintaining the strategy of cost reductions while maintain scale.

The Halal chicken exporter network of Brazil follows a particular business orientation, distinct from the traditional orientation in the poultry sector in Brazil, given that the Muslim importer (buyer) is only prepared to pay an amount for the supply of Brazilian chicken if their religious needs are fully met. The "extra work" involved in all the certification process and the accompaniment of each batch is rewarded by a differentiated compensation. With the interaction of the various institutions, the final product reaches the Middle East buyer and the value delivered is limited by the integrity and credibility of the network as a whole, as illustrated in Fig. 2.

The companies and institutions that comprise the network of Brazilian Halal chicken exporters are from different segments: 26 slaughter companies (slaughterhouses such as JBS and Brazil Foods) enabled and certified by local Islamic Centers; 4 Islamic Centers, which supervise and certify the production facilities; 3 Ministries of the Federal Government of Brazil (Ministry of Foreign Affairs; Ministry of Development, Industry and Foreign Trade; Ministry of Agriculture, Livestock and Supply); a governmental agency (National Agency for the Promotion of Exports and Investments); 3 chambers of commerce (Arab-Brazilian Chamber of Commerce, Brazil-Iran Chamber of Commerce and Brazil-Iraq

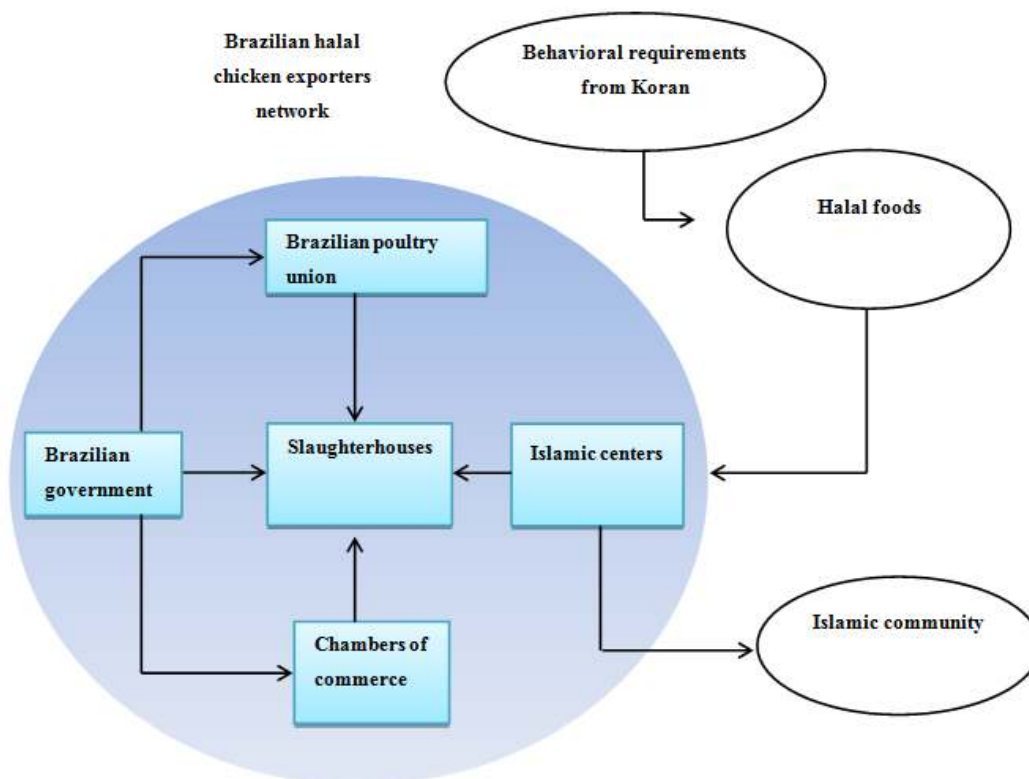


Fig. 2: Model of the Halal chicken network in Brazil

Chamber of Commerce and Industry); 16 chicken producer Federations; and lastly, 1 national entity of chicken producers and exporters (Brazilian Poultry Association) above the federations, which deals with all the collective interests of the network abroad.

In the social network of Brazilian Halal chicken exporters, the division of roles vital to the network was identified during the field study as belonging to.

Islamic centers: Responsible for inspecting, certifying and accompanying the production process and leading the Halal slaughter at the slaughter houses. The meat is only exported with the accompanying certification. The centers also have the role of disseminating Islamic teachings and offering social help to the community, in particular Islamic, as described in the interviews with their highest local religious authorities (Sheiks) and in the institutional material (printed and internet).

Brazilian government: The regulator that is close to exporters as the official intermediary in the country's foreign trade relations. The government also encourages the promotion of international fairs via its agencies and ministries, as described by a Brazilian Ambassador who works in a Muslim country. These events can be directly run by public institutions or via chambers of commerce and associations. A relevant factor is the acquisition, analysis and the availability of information to the network.

Brazilian poultry association: Responsible for bringing together the associations of producers and exporters, promoting the Brazilian Halal product to the world, for example, by publicizing institutional documents prepared exclusively for this purpose. It receives support from the government to organize events and campaigns that promote the national product, in addition to directly supporting the combined actions of the slaughterhouses.

Chambers of commerce: Responsible for establishing commercial relations between Brazil and countries in the Middle East. They have the legalization of documents relating to Brazilian products exported to Muslim countries as their main role, validating the work of the Islamic Centers. This routine can be seen via participant observation. The Chambers also assist in activities relating to the dissemination of information about Brazilian product in the international market. For example, they conduct Islamic markets trends studies; promote fairs; conduct chicken importers board members reception in Brazil.

Slaughter houses: Responsible for the production of the chicken, in accordance with Islamic requirements. This was not only verified in the discourse of the interviewees, but also in loco by the researchers during visits to units in São Paulo and Rio Grande do Sul. They perform the network's core activity, which is the

slaughter of Halal chicken, receiving incentives and support from the remaining actors in the network.

CONCLUSION

This research contributes to the development and knowledge of inter-organizational networks with an empirical application. An analysis was conducted on how the different actors that comprise a network of export companies interact to meet the religious requirements of a specific market and therefore receiving a premium value for its product. It is observed that these actors, who are not necessarily Muslim (such as the slaughterhouses and the government), respect the religious rules for the slaughter of chicken and its ideology, promoting the network. One player in particular, the Islamic Centers, disseminates its religion and helps in the building of credibility and integrity of Halal produced in Brazil in the eyes of Muslim importers.

The interaction between the actors represented in this study creates conditions favorable to the commercialization and acceptance of Halal Brazil in the Middle East and involves:

- Governmental stimulus for the participation of Brazilians in congresses and world fairs
- Sponsorship and cooperation with Islamic organizations in Brazil
- Adjustment of production to religious demands
- Supply of products at a competitive price and Halal quality
- Facilitation of external auditor visits to inspect the observance of Muslim precepts in production
- Integration between Brazilian importers and exporters
- Simplification of processes and granting of entry visas for importers
- Sanitary and productive capacity in Brazil
- Brazilian national culture towards Islamic standards respect and acceptance

One of the effects of the interaction between actors in supplying the Halal food to the Middle East buyer is the credibility and integrity of Brazilian exporters, built over more than 39 years, with its milestone as the first Halal chicken export to Iraq (first Arab country served). Brazil is currently an important agribusiness partner to the Middle East, due to not only the favorable and competitive conditions of the climate and soil it possesses, but also the ease with which it fully meets and conveys credibility about the religious requirements of the Muslim food market, guaranteeing an integral and reliable product.

Therefore, the relations present in this network of exporting companies are specific, differentiating them from traditional chicken networks, such as those which supply to the internal Brazilian market. Its importance is substantiated by the fact that 30% of the national chicken production is orientated toward export, which more than 44% is Halal (MDIC, 2014), i.e., 13% of total Brazilian production of chicken is Halal, oriented to Muslim consumers. Additionally, one of the differences of this inter-organizational network are the differences (gains) acquired from a non-economic perspective. There are social outputs for the community, in activities conducted by Islamic Centers. Gains do not simply revert to the economic agents.

As the context of the execution of this study was limited to the activities of the network of Brazilian Halal chicken exporters, the results cannot necessarily be generalized to networks in other sectors (or religious orientations), by virtue of the orientation of production being aligned with the religious requirements of Islam differentiating this network from others, even within the agribusiness sector.

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