

Problems of organizing activities for certifying enterprises on the Russian halal market

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Abstract. With the growth of the Russian market of Muslim services, the scientific community and practitioners became interested in it. The most important role in this issue is the regulation due to institutional peculiarities consisting in high transaction costs arising from neglecting the permissible behavior by participants in the market of confessional services. The practice of such organizations shows that the existing difficulties are still not overcome. This creates a need for analysis of the enforcement for the effective development of the domestic market, which would create the prerequisites for strengthening the sustainability of the economy and national security of Russia.

Keywords: halal market, certification, certification of goods, certified organizations

1. Introduction

The Muslims occupy a significant share in the structure of the population of Russia. In 1897, the number of Muslims was 13.9 million [1]. Today, it is the second largest denomination in Russia. According to a study by V. V. Naumkin, the scientific director of the Institute of Asian Studies of the Russian Academy of Sciences, the Muslim community of Russia comprises 15 million indigenous people and 5 million migrants permanently residing in Russia, which is larger than the population of Libya or Jordan [2], ranking second in the world [3]. Previously, we have proved the importance of the halal market in Russia; therefore, it is interesting for analysis from various sides [4], [5], [7], [8]. This work will discuss the need for an effective infrastructural component to reduce certain institutional risks of the business environment and the level of transacting costs in the interaction of market participants, which is the purpose of a scientific article.

2. Materials and Methods

The methodological basis of the research is the institutional methodology, which allows to analyze the influence of different institutions on the economic behavior of market relations. The study used general scientific methods of cognition, such as synthesis, analysis, deduction, observation and comparison.

3. Results

The analysis of the Russian organizations for certification of goods in the halal market allowed us to identify the two leading organizations issuing these certificates: the Muslim religious organization "Council of Muftis of Russia" (Moscow) and the Committee for the Halal standard under the Spiritual Administration of Muslims of the Republic of Tatarstan (Kazan).

Let's consider the activities of each of the organizations separately. According to market segments, the structure of certificates issued by the Council of Muftis of Russia is as follows (Figure 1).

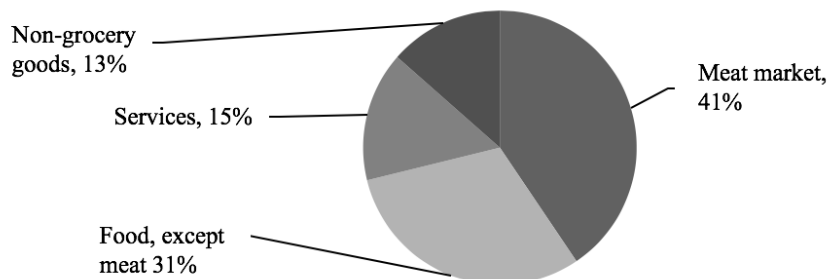


Figure 1. The structure of certificates issued by the international center of standardization and certification “Halal” by market segment.

The figure shows that the main demand for certificates exists in the meat market (41%). Non-grocery goods occupy 13%, which is a low figure, even on the basis of the fact that they make up about 50% in the structure of Russian consumption, which confirms the thesis about the underdevelopment of this segment in Russia. The share of services reaches 15%, which indicates the interest of entrepreneurs, of course, the main share in the services sector is occupied by catering organizations.

Next, let's consider the geographical location of the certified organizations. From the analysis, a serious disproportion in the location of certified organizations is visible:

- The largest share (63%) is occupied by the Central Federal District;
- The south of the country where the largest number of Muslim regions of Russia is located, the share of certified organizations is only 13%;
- The Ural, Siberian and Far Eastern federal districts occupy less than 1%.

It can be concluded that the main share of certificates issued covers only organizations of the Central Federal District of the Russian Federation, which is confirmed by Figure 2.

Next, we will conduct a similar analysis of the Committee for the Halal Standard (Spiritual Board of the Muslims of Tatarstan). The main demand for certification of goods from this organization is also on the meat market (54%). The non-food products occupy only 7%, which is even lower than in a Moscow organization. The share of services also occupies 15%, in the structure of the service sector, public catering organizations also occupy a share. At the same time, there is also a serious disproportion in the location of certified organizations, where the Volga Federal District occupies the largest share (86%). However, such a structure is quite obvious, and from some side it is justified, for example, the consumer can be more confident that an audit in commercial organizations would not be difficult when it comes to one region.

At the same time, we note that in 7 out of 8 federal districts, the organizations applied to the Committee for the Halal Standard (Spiritual Board of the Muslims of Tatarstan), the statistics for cities are also consistent (Figure 3).

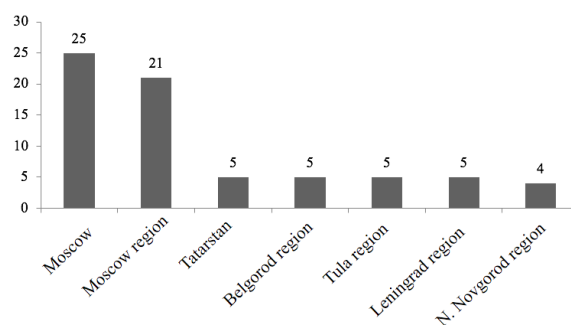


Figure 2. The number of certificates issued by the International Center for Standardization and Certification “Halal” (“Council of the Muftis of Russia”) by region (more than 4 organizations).

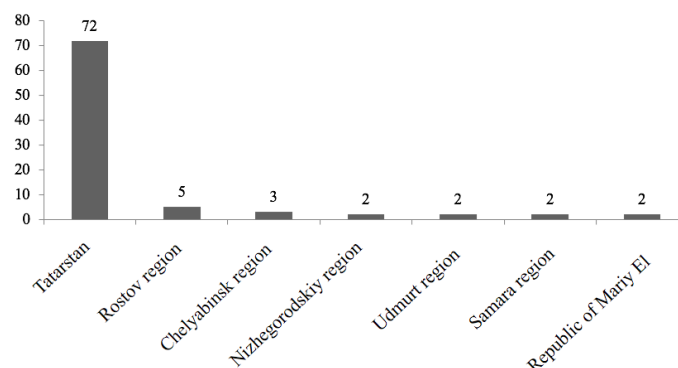


Figure 3. A number of certificates issued by Committee for the Halal Standard (Spiritual Board of the Muslims of Tatarstan) by region of the Russian Federation.

Interestingly, organizations located in the Rostov and Chelyabinsk regions appealed only to the Committee for the Halal. As a result, it can be concluded that the international center of standardization and certification “Halal” (“Council of the Muftis of Russia”) is the leader among the organizations for certification of products on the Halal market. This center is mainly focused on organizations located in the Central Federal District, and the Committee for the Halal Standard (Spiritual Board of Muslims of Tatarstan) mainly works with organizations located in the Volga Federal District. Despite the prominence of the noted organizations, commercial enterprises of the halal market often certify their products in an organization that is far from the region where the company is located than in a closer certification organization geographically located to them. For example, the international center of standardization and certification “Halal” (Moscow) issued 15 certificates to organizations located in the Volga Federal District. Obviously, there is competition between certification organizations.

4. Discussion

These results make it necessary to identify the causes of this situation. In our opinion, one of the main reasons are the existing errors in the standards of certification companies. Such contradictions are the cause of the results of the survey conducted in 2016. The sample covered 300 people, as it included all social and age groups of the population from different cities of Russia (Moscow, Kazan, St. Petersburg, etc.). All respondents were asked the question “Do you pay attention to the presence of Halal labeling when buying goods?”. The survey results are shown in Figure 7.

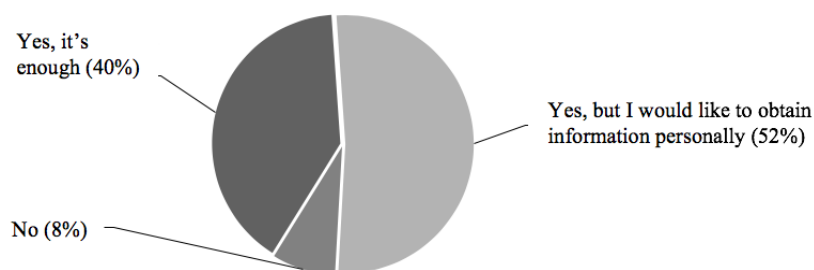


Figure 5. Answers of Muslims of Russia to the question “Do you pay attention to the presence of Halal labeling when buying goods?”.

The analysis of the data obtained showed that of those who pay attention to the Halal labeling (92%), more than half do not trust such labeling, preferring to find out information about the origin of the goods from the manufacturer on their own [6]. Therefore, the standardizing organizations should change certain points in their work, first of all to focus on improving the standard, making it accessible to

everyone. Thus, in the “System of voluntary certification of Halal products and services” under the “Council of the Muftis of Russia”, many inaccuracies were found, for example:

1. The standard lacks information on legal schools, on the basis of which the document is based.
2. In the standard there is a reference to the abolished Malaysian standard MS 1500: 2004, which was replaced by the standard MS 1500: 2009.
3. Paragraph 3.8 contradicts the Hanafi school common in Russia, indicating that all “aquatic animals” are allowed to be consumed (and used for sale).
4. In paragraph 5.1 there is no distinction between mandatory and desirable requirements for the slaughter of animals.
5. Paragraph 5.2.4 states that the phrase “Bismillah” is allowed to be pronounced for the whole party, but this is at variance with the Hanafi legal school.
6. Paragraph 6.1.2 does not specify the requirements of Islamic law for the processing of equipment and tools after contact with haram products.

5. Conclusion

In order to solve the problem, we propose to establish mandatory conditions for the standard to improve the quality of work:

- Introduce the term “madhhab” into the conceptual framework of standards, as well as prescribe the main elements of various legal schools of Islamic law. The best version of the standard will be recognized as the one that meets the Hanafi and Shafi'i legal schools, as the most common in Russia;
- Cancel a mechanical slaughter in all standards, despite the fact that it is found in well-known world-class standards, to avoid doubts in the eyes of consumers, thereby increasing the demand for products, as well as to harmonizing the use of madhhab as institutional conditions for conflict-free management;
- Reduce the level or completely eliminate the use of a sedative current, for which it is necessary to conduct a series of experiments in each individual enterprise so that market participants are confident that Islamic rules are being implemented;
- Register the exact list of required elements of slaughter with an indication of the mandatory, desirable, undesirable and prohibited aspects, so that the manufacturer sees a clear line between them;
- Establish a list of animals that are used in mass production, rather than listing part of the list of prohibitions in Islamic law, thus clearly outlining that the standard is created for a manufacturer;
- Prohibit the use of one line for products that are unlawful and permitted in Islamic law, so that market participants are confident that the Sharia laws are being implemented, which would also prevent opportunistic behavior by unscrupulous manufacturers;
- Prohibit the use of one container and tools for unauthorized and permitted in Islamic law products on an ongoing basis.

Thus, a study of the current state of enforcement in the halal market of Russia revealed a number of key problems, such as disproportion in the stratification of certified organizations and shortcomings of standards of certifying organizations, which led to the proposal to introduce minimum requirements to them.

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