Illegal activity in the UK halal (sheep) supply chain: Towards greater understanding

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A B S T R A C T

Food supply chain theory and practice assumes that the processes involved are legal and value adding. In this paper, using examples from the UK halal (sheep) meat supply chain, we outline a value extracting value chain through a mixed methods qualitative approach consisting of face-to-face-interviews and a documentary research strategy underpinned by Narrative Inquiry. Building on previous theoretical work on Illegal Rural Enterprise, we present a narrative of an individual rogue-farmer, and explore his involvement in the illegal halal ('smokies') trade over a fifteen-year period. The paper provides a compelling story that will enable investigators to better understand illegal enterprise from a supply chain perspective and more adequately address the concerns stated in the UK Fraud Act 2006. The paper will be useful to food standards agencies in that furthers our understanding of entrepreneurial practice and morality in the food industry. The results demonstrate that illegal rural enterprise is a multi-faceted concept that requires an understanding of business practices and processes alongside a multi-agency approach to enterprise orientated crime. Our approach suggests that supply chains can be 'flipped' in order to understand illegal processes in addition to conventional legal processes.

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1. Introduction

Despite the increasing number of articles in this journal relating to food fraud (Rouvière, 2012; Manning and Soon, 2016; Manning et al., 2016) the subject of crime, in particular food crime and food fraud seldom feature in the wider academic literature on farming or food policy. This is a surprising omission. Media reports and evidence from official reports suggest that there has been an increase in food related criminal activity since the financial recession of 2007–08 – including sheep theft, trading in illegal halal meat, and the adulteration or mislabelling of food products.

The aim of this paper is to demonstrate that supply chain theory and value chain analysis can be used to illustrate the illegal activities of entrepreneurs and businesses alongside the legal. When we refer to fraud we use the definition from the provisions stated in UK Fraud Act (2006, c.35, 2.):

(i) to make a gain for himself or another, or
(ii) to cause loss to another or to expose another to a risk of loss.

(2) A representation is false if—
(a) it is untrue or misleading, and
(b) the person making it knows that it is, or might be, untrue or misleading.

In the UK, all animals must be stunned before slaughter unless they are destined for the halal (or kosher) market. In such cases, there are provisions in place that permit animal slaughter without prior stunning to protect the rights of minorities and enable religious freedoms (Lever and Miele, 2012). Defined in this way, religious slaughter must take place at a Food Standards Agency (FSA) approved slaughterhouse; be conducted by someone with a certificate of competence (CoC); in a way that follows Jewish or Islamic religious practice; and the meat produced must be for consumption by Jews or Muslims (DEfRA, 2015).

In this paper we show that the halal industry, in particular the halal sheep trade is as open to exploitation by criminal gangs and illegal rural enterprise (IRE) as any other industry. Given the centrality of ‘halal’ to Muslim identity and Islamic culture in the UK (Lever and Miele, 2012) we appreciate that this may be a
contentious position to take. However, the majority of those we report on in this paper are white male UK citizens who cynically exploit the halal trade for financial gain. Although these individuals sell meat as halal, they do not operate in accordance with religious principles. Moreover, operationally, they are organized as a criminal gang. We also recognize that the case does not fit all offenders, nor the small-scale violations of halal slaughter laws committed by those of faith who act in principle to supply food that complies with religious beliefs (Pointing et al., 2008). We also understand that in many instances EU Laws can be seen to have criminalized pre-existing industry practices. In this case, however, we are dealing with an organized criminal gang (OCG) who knowingly break the law and violate halal slaughter rules and practice.

Our embedded case study focuses on the activities of a criminal farmer named Julian Jones, who has been described in the UK press as “Britain’s Worst Farmer” (Scott and Lawson, undated). Originally from Wales, Jones has an extensive network of illegal contacts throughout the UK. Our choice of Jones and this OCG is based on the fact that we were already aware of his activities and that they illustrate the points we seek to make in this paper. The authorities know of Jones and he has a prolific arrest record, but we have not had contact with him and we use thus documentary research techniques to make our case. Our research question in this paper is straightforward: how can value chains be utilised to include illegal processes and develop a more nuanced understanding of illegal enterprise? We answer this question by examining the activities of sheep theft and illegal slaughter by organized criminal gangs in the illegal halal or ‘smokies’ industry (Smith, 2004).3

There are several relevant academic studies of farm crime in the UK, as summarised in McElwee and Smith’s (2013) discussion of Illegal Rural Enterprise, rural crime and farm crime, which covers a wide range of issues, including food supply chain violations. An interesting underlying facet of our story is the closure of rural police stations, as this may be a contributory factor in the reported rise of rural crime and food-fraud in recent years (Smith and Somerville, 2013). Overall we believe that the synthesis of the literature contained in this paper makes a contribution to the criminology, food fraud and food policy literature, as well as providing an interesting example of management theory in an alternative, non-traditional business setting.

The paper proceeds in the following way. We first present an account of the food fraud literature in relation to supply chain theory. We then present a brief summary of recent developments in the halal meat market in Europe and the UK. Next we provide an alternative lens through which to view supply chains by outlining a theoretical model of the sheep industry from producer to consumer, what might be termed from ‘farm to fork’ (Dani, 2015). We then offer an alternative explanation of an unofficial but nevertheless ‘real’ illegal supply chain. The methodological approach and subsequent data analysis is presented in section four. We conclude by discussing the implications of how the understanding of alternative supply chains we put forward can enable those charged with crime prevention to restrict offenders in this and other areas.

2. A literature review of the food fraud in relation to supply chain theory

We begin this review with a discussion of farm crime to set the scene before moving on to consider food fraud related to farm crime. Of particular interest are the farmer as entrepreneur and/or criminal, insider criminality and criminal entrepreneurship in the farming industry. We then discuss the UK Halal markets (both legal and illegal) before concluding with a discussion on supply chain issues in the industry.

2.1. Farm crime

In the literature on farm-crime there are two identifiable groups of suspects in farm theft. The most documented group are the urban-marauders (Smith, 2010) or urban-based thieves who travel to rural areas for the sole purpose of theft, because: (1) many rural police stations have closed and police activity is often non-existent, and; (2) the level of security on farms is low. The specific OCGs highlighted in this paper relate to the close-knit nature of the farming community in a number of ways, including the propensity for insider groups (such as farmers) to blame outsiders (urban thieves) for crime and the fear of crime. Seldom is the role of industry insiders or rogue-farmers considered (see Smith, 2004; Smith and McElwee, 2013) in crimes where industry specific knowledge is needed. This paper addresses this omission.

2.1.1. The farmer as entrepreneur and/or criminal

Understanding of the farmer as a rogue, criminal or criminal-entrepreneur are growing but still contentious (Smith, 2004; McElwee et al., 2011; Smith and McElwee, 2013). Although little consideration is given to insider knowledge and criminal complicity, collectively these studies acknowledge the possibility of the involvement of rogue-farmers and entrepreneurs where insider knowledge is required: the notion of the ‘bad-farmer’ is of note at this juncture (Craig et al., 2010).

The notion of the farmer as entrepreneur and enterprising farmer (McElwee, 2006) can be extended into the notion of criminal-entrepreneurship because the entrepreneurial farmer, as well as operating in a legal domain, may also engage in criminal acts as a form of farm diversification through destructive criminal entrepreneurship (Baumol, 1990). McElwee’s (2008a,b) taxonomy of entrepreneurial farmers thus requires updating to encompass the ‘criminal-farmer’ and ‘entrepreneurial identities’ split between legal and illegal activities (McElwee et al., 2007). It is also worth considering the ‘entrepreneurial wide-boy’ and collaborative entrepreneurship, both which are relevant to in this instance to supply chain connectivity (McElwee, 2008a).

2.1.2. Criminal entrepreneurship

Since the 1980s, there has been a rise in criminal-entrepreneurship in the UK (Baumol, 1990; Smith, 2009). This increase in illegal criminal activity is particularly evident in the farming and food industries, where food-fraud is now big business (Gallagher and Thomas, 2010: 352). This is unsurprising given that the UK food sector is valued at around £103 billion a year to the UK economy (DEFRA, 2013: 10). Although Bailey and Garforth (2014) stress the importance of continued regulation of farm assurance and food safety, it is clear that entrepreneurs who ‘work’ this industry are able to circumnavigate the sector at various points in the value chain and that some may even be complicit in crime.

We label food-fraud as criminal-entrepreneurship because it involves both criminal and legitimate business practices that make food-fraud a deeply pernicious and destructive global practice existing at the margins and interface between legal and illegal business practices. This is evident in the halal meat trade where criminal exploitation of halal slaughter laws creates unhygienic and insanitary conditions that present obvious health risks that potentially undermine public confidence in the food chain, whilst simultaneously undermining public perceptions of halal meat and UK Muslims. To exacerbate matters, the full extent or cost of
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