

THE INFLUENCE OF HALAL PROCESS STRATEGIES ON FIRM'S COMPETITIVE ADVANTAGE IN PERSONAL CARE MANUFACTURING INDUSTRY

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ABSTRACT

The purpose of this study is to explore halal process strategy practiced by personal care manufacturers which may contribute to the organization's competitive advantage. Ultimately, this study is conducted in Malaysian industry that focuses on personal care product manufacturing. In utilizing the survey approach, this study involved four (4) respondents who come from various companies in Klang Valley. The results indicated that there is a relationship between the production process, halal certification process and halal quality control with the firm's competitive advantage. From the findings, the researchers suggest to the halal authorized bodies to enforce the specific rules and regulations for every personal care products' that manufactured in Malaysia to get the halal certificate. The halal requirement needs to be more tighten in terms of suppliers' details. Otherwise, the halal authorized bodies also should enhance their communication service by giving the prior notice if there are any updates or changes in halal portal information to the manufacturers. For the manufacturers, the researchers suggest to the manufacturers to hire the employees who have well knowledge and understanding about Islamic procedures and conditions. Other than that, they also should understand the raw material types, input, supplier details and machinery conditions used in the production line.

Keywords: halal; halal certification process; personal care manufacturer; halal quality control; competitive advantage

1. INTRODUCTION

In recent days, Halal industries not only limited to food sector only, but already expand to other sectors such as personal care, pharmaceuticals, tourism, insurance and clothing. Halal issues have become the major concerns for the businesses and the publics. It is very important for the manufacturers to understand the Halal concepts. Unfortunately, some manufacturers may not comply to the regulations set by the Malaysian authorities even though they have been certified with the Halal logo from JAKIM and HDC. The manufacturers are not fully understanding the concept of Halal itself. They just understand the important of Halal logo in their product packaging where it will provide the adequate and clear information about the product in term of the ingredients and nutritious contains only.

In recent days, the study about the Halal personal care is less rather than study on Halal foods. However, people nowadays are more knowledge about the concept of Halal and they may question the effectiveness of the current Halal orientation adopted by the firm's. It will cause the confusion among the consumers in their purchasing decisions. The truth for the manufacturers are to engage the wholesome concept of Halal in the terms of cost either directly or indirectly and they face the problems of standardization, exchange and control the Halal information. The establishment of Halal orientation requires some specialized systems to handle the flow of information that associated with forward and backward of material flows. In this industry, the rapid expand development is due to the awareness and acceptance of muslim and non-muslim consumers.

Furthermore, not only muslims consume the Halal products, non-muslims also prefer to choose the Halal products in their purchasing decisions (Yuhanis Abdul Aziz & Nyen Vui Chok, 2012). This is because the Halal products are proven cleaner, healthier and safe to use (Burgmann, 2007). The

importance of Halal certification in the products manufacturing not only covers the customers' perceptions but also the covers the manufacturers' understanding. The issues raise in this Halal matters are on how the manufacturer's react with the Halal standard requirement and either they apply the Halal standard requirement on their production.

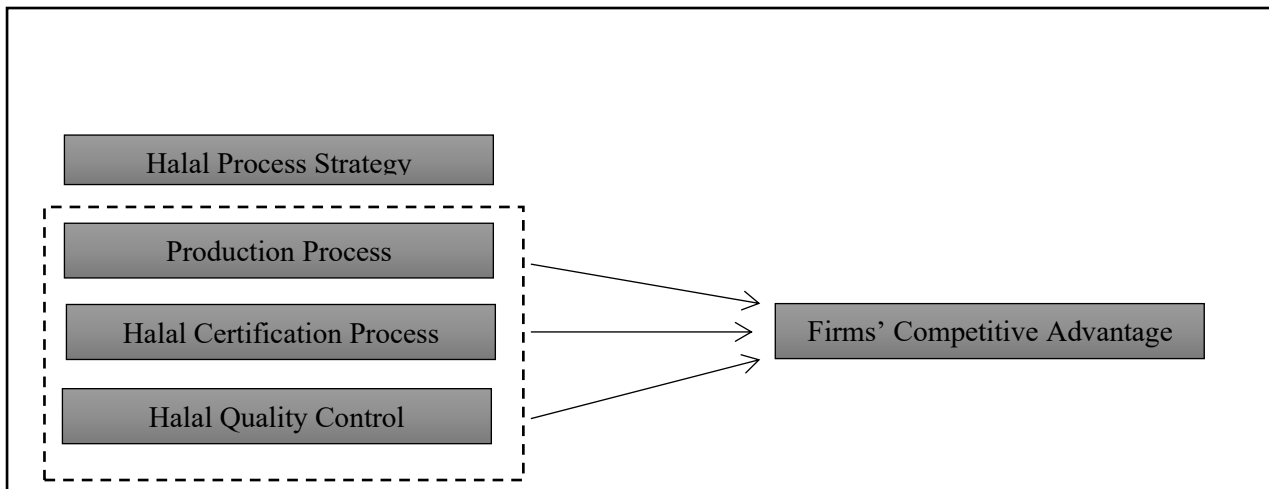
JAKIM entrusted under Prime Minister's Department has released the Malaysian Halal Certification Procedures Manual contains the rules and standards which must be complied by manufacturers, producers, marketers and sellers in the Halal personal care industry. The development of the standard is a response toward the demands that already rising in industry. The enforcement of Halal regulations has become the responsibility of JAKIM (Samori et al., 2014). Halal Quality Control on cosmetic products in Malaysia is regulated under the Control of Drugs and Cosmetics Regulations 1984. It is under the National Pharmaceutical Control Bureau (NPCB). NPCB is defined as the National regulation and officially authorized for cosmetics control. The Bureau is responsible for the registration, licensing and surveillance of all cosmetic products. The concept of Halal Quality Control in cosmetics covers all aspects of the management system. It is not only focusing on the aspect of production including sourcing of halal ingredients but all elements must be accounted for, such as manufacturing procedure, storage packaging and logistics (Mir et al., 2010). Nowadays, Halal products are gaining the huge recognition as a new benchmark for safety and quality assurance. Products that are produced with Halal certification are recently accepted by Muslim and Non-Muslim consumers. This is due to the wholesome of Halal concept which covers the hygiene, sanitation and safety aspects (Zalina Zakaria, 2008).

2. METHODS

This study employs a qualitative research design to explore the influence of halal process strategies on firms' competitive advantage, particularly among personal care product manufacturers. A structured interview method was adopted to gather in-depth data from selected respondents, with supplementary insights drawn from literature reviews. A qualitative approach was chosen to enable deep understanding of respondents' interpretations and experiences with halal process strategies, which include the production process, halal certification, and halal quality control. Structured interviews, based on previous literature, were conducted to collect data relevant to the research objectives.

The study targeted halal personal care manufacturing companies in the Klang Valley, Malaysia. The population consists of companies involved in halal personal care product manufacturing. A purposive and judgmental sampling technique was used to select four companies that meet predefined criteria. The sample size includes four individuals comprising Halal Internal Committee members, Production Managers, and Floor Managers. Thematic qualitative analysis was performed using Miles and Huberman's (1994) three-phase framework: data reduction, data display, and conclusion verification. Transcripts were reviewed multiple times to ensure familiarity and consistency in theme identification. The analysis emphasized continuous meaning-making and reflexivity, allowing for theory development and validation aligned with the objectives.

Figure 1: Conceptual Framework – The Influence of Halal Process Strategies on Firm’s Competitive Advantage in Personal Care Manufacturing Industry



3. RESULTS AND DISCUSSION

This section presents and discusses the key findings obtained through qualitative interviews with four representatives from halal personal care manufacturing firms in the Klang Valley. The demographic profiles of the respondents are presented below:

3.1 Competitive Advantage

From the findings, these four respondents agreed that Halal logo is influence firms competitive advantage. Out of four respondents, respondents B and D also believe the Halal logo does not alone being a key successful factor for their company. Other factors that help the company to build reputation and be the market key player is marketing strategies factors. From the interview, all four respondents said “existence of Halal logo in their product’s packaging increase the demand from consumers lead to increase in profit”.

Respondent C in the other hands said “since their products enter into market with Halal logo the volume of sales increase compare to previous products that does not have Halal logo”. This does shows that consumers now appearantly check the Halal status on products before purchasing the products. Respondent D respondents said “Halal logo does not only profiting them on the financial basis buat also benefit them on the company image and reputation. Other advantages when company adopting a Halal logo is, demand from new market are increased. This being agree by all the four respondents, company received demand from new market to country like Japan, Europe, China, Australia and others ASEAN country. This shows that Halal logo can be competitive advantage for Halal personal care manufacturer.

3.2 Production Process

The companies employed different production strategies based on their operational models as described in Table 2.

Table 2: Production Process

Company	Production Process
A	Applied a cost-benefit strategy but reported inefficiencies due to production wastage, prompting a shift towards a niche market strategy.
B	Adopted a dual strategy of product focus and mass customization, with the latter proving more beneficial for contract manufacturing.
C	Implemented a repetitive focus strategy, emphasizing standardization and raw material consistency.
D	Utilized a product focus strategy centered on in-house facilities and continuous process improvement.

From the interview, all company adopt different strategy in their production process. Types of production process that can be seen from the respondents answer is repetitive focus, product focus, mass customization and cost benefits. 3 out of 4 respondents believe that their strategy suit their business model. Only respondent A think that their current strategy does suit their business model.

3.3 Halal Certification Process

All the respondent does agree that online Halal certification process really helpful for them to obtain Halal certificate. But some of the problem arise while using online methods. Below is clarification from all the respondent that involve in the interview regarding the problem while using online method. Even online Halal certification process really helpful, still there is small problem been stated by the respondents. Some difficulties on online Halal application process that been faced by most of Halal personal care manufacturer is data needed by JAKIM sometimes are difficult to get the documentation. Documentation such as water supply and soil or any natural ingrediants are one of the example. This has been agree by respondent A, as “their company faces some difficulties in providing some information needed by JAKIM, and sometimes some supplier data also the company difficult to obtain as supplier does not give full corporation regarding this matters”.

Respondent C on the other hand states “JAKIM should improve their online process, even it is very helpful but still JAKIM process does take sometimes more than a year for manufacturer like us to get Halal certification”. To overcome this JAKIM need to change their work ethics as this may cause people perception towards government are more crucial. Other issues arise while using the online Halal application system is that the system by JAKIM are keep changing. Their modules also being frequently change and there is no notice to manufacturer on the new modules implementation. This might cause manufacturer problem because they will not able to follow the JAKIM guidelines and changes without prior notice also sometimes include cost for some of the manufacturers.

Recommendation that given by manufacturer is that Halal authorized bodies should improve their service a lot since number of manufacturing or company apply for Halal certificate is increasing. Other than that JAKIM should educate the staff with the industries knowledge. Many of JAKIM staff are not familiar with the non –food industry. JAKIM need to send them for training and industries to make them understand, what actually the Halal threats in manufacturing company such as personal care or others industry that cannot be seen in food industries.

3.4 Halal Quality Control and Support

Three out of four companies have their own Internal Halal Committee (IHC) that help the company on Halal decision making. Internal Halal Committee been develop in order to review on Halal management system or help manufacturers to eliminate any Halal threats. Respondent C for example the IHC consist of 8 staff and even some of and some of the committee possess Halal diploma

qualification from OUM. Respondent A and D also have their own Halal Committee. All the respondents stated that their IHC has attend courses and training lead by HDC because it is the HDC requirement for company that posses Halal certificate. Thus, only Respondent C state “our company does not have Internal Halal Committee (IHC), in this company only one person know all about the Halal process, JAKIM and the requirement needed”.

This situation shows that some manufacturer does not taking serius about JAKIM requirement to have Internal Halal Committee (IHC). This could happen because the inspection from JAKIM are focus on the Halal production process and not on others matters regarding Halal. Plus, inspection from JAKIM only arise once a year or basically when you apply a Halal logo and certificate. The existing of Internal Halal Committee in the company is to ensure that the operations are well running and follow the standard of procedure in preparing Halal products.

4. CONCLUSION

The findings of this study show that Halal process strategy effects firm’s competitive advantages. Competitive advantage is known as an advantage that gained over the competitors by offering the customers the great quality and value of products or services. In this study the personal care manufacturers offering their customers value in term of Halal products and Halal process strategy. Halal process strategy has been discussed in this study including manufacturing and production process, halal certification process and halal quality control.

As in overall, it shows that personal care industry can create competitive advantages by using halal is possible. Market demand for personal care products is keep growing. The manufacturers just need to follow the guidelines provided by JAKIM and maintain the guidelines for them to sustain in the Halal market. Understand and keep updating with JAKIM modules and system is compulsory for the manufacturers. JAKIM in the others hand need to give prior notice to manufacturer regarding their modules and system.

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