

Exploring factors of choosing halal cosmetics among cosmetics entrepreneurs in Malaysia

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Abstract

Halal cosmetics is expanding well in the manufacturing sector. It has gained the government's attention to support its development. Generally, the halal industry has been divided into seven sectors which are food services, consumer goods, financial, pharmaceutical, cosmetics, halal logistics, and tourism. This study attempts to address the influencing factors for choosing halal cosmetics among cosmetics entrepreneurs. The researcher adopts the quantitative method to gather data from the respondents. A random sampling technique was used. The findings indicate that the awareness among young halal cosmetics entrepreneurs is very high and there are high consumptions of halal cosmetics among consumers that have become the push factor of young cosmetic entrepreneurs to choose halal cosmetics as their products.

Keywords: Halal cosmetics, cosmetics entrepreneurs, halal industry, manufacturing sector.

Introduction

According to Global Islamic Economy 2017/2018, halal market demand is increasing day by day in the Islamic economy and is targeted to reach about RM12.3 trillion by 2021. According to the report, the most leading is the food industry. The halal certificates have been given to many food industries in Malaysia-by-Malaysia Islamic Development Department (JAKIM). However, their next concern is maintaining halal, quality, and safety of the food during handling, processing, transporting, and storing. Consequently, Halalan Toyyiban Risk Management Plan (HTRMP) has been introduced by Badrudin et al. to help in managing the halal and toyyiban supply chain, start from the procurement until it reaches the consumers [1].

According to Badrudin et al., it is compulsory to have the halal authority to manage and control the halal supply chain in the right way [1]. There are many influencing factors for halal practices, which include the technological, organizational, and environmental (TOE) factors. Moreover, it is found that customer pressure, organizational readiness, and perceived benefits influenced the intention to adopt halal services [2]. From the perspective of a business, halal becomes a new market force and brand identifier which is now moving into the mainstream market, affecting and changing perception on how business should be conducted, including from a marketing point of view [3]. Baharuddin et al. asserted that small entrepreneurs take advantage of business opportunities in the Halal industry [2]. As a result, the halal industry has a great potential to increase profit. Industries must understand the requirements for Muslim markets in producing products purposes.

Literature Review

Ngah et al. showed that customers pressure, organizational readiness, and perceived benefits were influence by intention to adopt halal warehousing services [4]. Those factors were recognized as the drivers of adoption. The main barrier, which is cost, has been identified. Besides that, Azmie et al. identified that halal standards influence the adoption in a perspective of Malaysia's practices whereby technological context, which refer to compatibility and perceived benefits, organizational context contained supporting management, halal integrity, organizational readiness, halal awareness, understanding practices, and expected business benefits [5]. Furthermore, for the context of environmental, government support, competitors support, consumer's pressure and halal market demand have been identified as the market orientation.

The Halal Industry Development Corporation (HDC) website listed seven key sectors that form the halal industry, which are food services, consumer goods, financial, pharmaceutical, cosmetics, halal logistics, and tourism. Technology, organization, and environment (TOE) is a combination of three structure groups to identify the adoption of innovations which include technology context, organizational context, and environmental context for the organization [6]. As for the organizational context, it describes the characteristics of the organization and the environmental context refers to the organization's industry and its competitors, customers, and governmental structures. The key driver for the halal industry is the increased demand for services with the ability to supply the demand. It is shown that the current supply is not enough to meet the demand for 1.8 billion people globally.

Based on Allied Market Research (AMR), the halal cosmetics market has expanded its product base to prominently tap into the cosmetics market owing to an increase in demand for halal cosmetic products worldwide, particularly regions dominated by Muslim population such as Malaysia, Indonesia, Saudi Arabia, and UAE. These factors are rising demand for halal cosmetics, which resulted in an increasing halal cosmetics market size by 2022. The global halal cosmetics market is segmented based on product type, application, distribution channel, and geography. For the product type, it is segmented of personal care products, color cosmetics, and fragrances, while the application includes hair care, skincare, face care, and beauty care. Next, halal cosmetics market distribute the products by offline and online channel and geographically in North America, Europe, Asia-Pacific, and LAMEA.

Sugibayashi stated computed that halal cosmetic products must not contain ingredients derived from pig, carrion, blood, human body parts, predatory animals, reptiles, and insects, among others [7]. In the preparation, processing, manufacture, storage, and transport of halal cosmetic products, maintenance of hygiene and pure conditions must be always ensured. There is an emphasis on the absence of filth. Hence, halal cosmetic products bearing the halal logo must be recognized as an indicator of cleanliness, safety, purity, and quality.

Methods

The researchers adopted a quantitative method. A random sampling method was selected. A questionnaire was used as the data collection instrument. There were two sections which include section A, the respondents' profile and section B, the influencing factors of choosing halal cosmetics among cosmetics entrepreneurs. Section A has 7 items which were gender, age, race, status, and involvement in the cosmetic industry and income per month, while section B consisted of questions related to the influencing factors in choosing halal cosmetics among the cosmetics entrepreneurs. Respondents were asked to indicate their perceptions and agreement towards the statements in the questionnaires by using five-point Likert Scale answers. The sample was 250 respondents around Selangor who were the entrepreneurs of halal cosmetics who used social media as the medium of promotion.

Results and Discussion

The total number of respondents was 250. It is found that 26.8% of them are male while the remaining 73.2% are female. Most of 53.2% of the respondents which was in the range of 18-25 years old and above, followed by 26-33 years old with a percentage of 28.4%, 34-40 years old with a percentage of 14.8%, while the remaining of 3.6% was above 40 years old. The respondents were 86.4% of Malay, 3.2% from Indian, 4.0% Chinese, and the remaining is 6.4% from international respondents. 47.6% of respondents have been operated their business for less than one year, 46.8% is between one to five years, 2.8% is between five to ten years, and the remaining 2.8% is more than 10 years of operation. % Of respondents have heard about Halal cosmetics before. 24.4% of them have had the information through newspapers or magazines, 27.2% was on television or radio, 4.8% was through government publications, and 43.6% are from others. The summary of the respondents' background is in Table 1. Based on the findings, it is apparent that halal cosmetic awareness is very high. However, there is more to do by the government to promote halal cosmetics among consumers.

Based on Table 2, the mean for compatibility was 3.98 ± 0.768 , perceived benefits was 3.952 ± 0.779 , management support was 4.004 ± 0.763 , organizational readiness was 4.048 ± 0.742 , understanding practices was 4.116 ± 0.810 , expected business benefits was 4.048 ± 0.867 , awareness was 3.940 ± 0.836 , halal integrity was 4.000 ± 0.801 , government support was 4.024 ± 0.801 , competitors pressure was 3.952 ± 0.790 , consumers pressure was 4.044 ± 0.729 and halal market demand was 4.104 ± 0.774 .

Understanding practices was the main factor that influences choosing halal cosmetics among cosmetics entrepreneurs. The finding is consistent with what has been found by Ruževičius [8]. He indicates that consumers of the non-Muslim country consider halal products as healthy and safe to be consumed however the majority acquires more information on the quality of the Halal products. Consequently, an understanding of the enablers and the barriers is essential to

understand the actual situation which occurs in the halal industry and ultimately provide information about the industry to the government [4].

Table 1. Respondents' Background

Item	Percentage	Item	Percentage
Gender:		Year of operation:	
Male	26.8%	<1	47.6%
Female	73.2%	1-5	46.8%
		5-10	2.8%
		>10	2.8%
Age Group:		Heard of halal:	
18-25	53.2%	Yes	90%
26-33	28.4%	No	10%
34-40	14.8%		
>40	3.6%	Channel heard of halal:	
Race:		Newspaper/	24.4%
Malay	86.4%	Magazines	
Indian	3.2%	Television/radio	27.2%
Chinese	4.0%	Government publications	4.8%
International	6.4%	Others	43.6%

Table 2. Descriptive statistics on influencing factors in choosing halal cosmetics among cosmetics entrepreneurs.

Factors	Mean
Compatibility	3.980 ± 0.768
Perceive benefits	3.952 ± 0.779
Management support	4.004 ± 0.763
Organizational readiness	4.048 ± 0.768
Understanding practices	4.116 ± 0.810
Expected business benefits	4.048 ± 0.868
Awareness	3.940 ± 0.836
Halal integrity	4.000 ± 0.801
Government support	4.024 ± 0.801
Competitor's pressure	3.952 ± 0.790
Consumer's pressure	4.044 ± 0.729
Halal market demand	4.104 ± 0.774

Conclusions

This initial study has indicated two essential findings related to halal cosmetics: 1) The awareness among young halal cosmetics entrepreneurs is very high, 2) There is also high consumptions of halal cosmetics among consumers that become the push factor of young cosmetic entrepreneurs to choose halal cosmetics as their products.

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