

Value Orientation and Quality of Halal Certification in Cosmetics Business

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Abstract

This research aims particularly to explore the values of *halal* certification as perceived by the cosmetic entrepreneurs in Thailand. In-depth interviews were conducted in September, 2016 with 12 Muslim and non-Muslim SME entrepreneurs in cosmetic business. Some of them have got the *halal* certificate, while others were in the applying process or stated their intention not to obtain the certificate. The interviewed entrepreneurs unanimously agreed that *halal* label is significant in generating product acceptance among the Muslim consumers, with increasing opportunities for exportation to the Muslim countries. In addition, the *halal* certificate signified the value of religious-ethnic quality and product safety for the Muslim consumers, while, for the non-Muslims, symbolically representing the positive image of the product as being reliable and caring for both the consumers and the society, since chemically toxic ingredients are strictly prohibited. Hence, *halal* label is presently perceived as the symbol of quality, health, hygiene, and ethical practices of all parties concerned.

Keywords: *halal* certification, cosmetic products, value orientation, quality

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Introduction

The *halal* certification in Thailand started in 1948 when a company wanted to export chicken meat to Kuwait, and was required to get *halal* certification from an accredited Islam organization in Thailand. The authority to grant *halal* certification belonged then to the Chief of the Muslim. In 1996, the said authority was assigned to the Central Islamic Council of Thailand (CICOT) and the Provincial Islamic Council, which functions to “*inspect, certify, and grant the halal product certification mark*”(CICOT website, 2016)



At present, the accreditation of *halal* certification has been extending from food and beverage industry, to cover a wide variety of products and services, e.g. pharmaceuticals, cosmetics, perfumeries, finance, and tourism (Hanzaee & Ramezani, 2011). Thai entrepreneurs started to be increasingly aware of *halal* certification, but not many of them have been applying for a *halal* certificate. Potential obstacles in the process to acquire the *halal* quality assurance involve the complex or too strict certification process, high costs, organizational inability to comply with the religious requirements, and inadequate information flow (Ruzevicius, 2012). One of the obstacles inhibiting Thai entrepreneurs from applying for *halal* certification stems basically from the lack of knowledge among the entrepreneurs themselves.

The 2005 regulations of the Central Islamic Council of Thailand (CICOT) stipulate primarily the *halal* requirements of consumer products, animal slaughtering, food & drinks services, and other food-related products. However, a number of Thai cosmetic entrepreneurs have been quite alert with *halal* conformity. Types of the *halal* cosmetics in Thailand include, for example, oil lip balm, herbal body scrub (Chakglom, 2015), herbal cosmeceuticals for hair, sunscreen, care & cleaning products, and soap (Beyond Beauty ASEAN Bangkok, 2016). Referring to the Manual Procedure for Halal Certification in Malaysia (2014), the [cosmetic and personal care] products must not: consist of or contain any part or matter of an animal prohibited by the Islamic Law; contain anything which is impure/*najs* or intoxicate; contain any part of a human being or its yields; be poisonous or hazardous to health; be prepared, processed or manufactured using any instrument that is contaminated with *najs*, nor have the course or preparing, processing or storage in contact with, mixed, or in close proximity to any *haram* products.

Thai cosmetic entrepreneurs seeking for *halal* certification also receive rigorous supports from the government. The Department of Industry Promotion, for example, has constantly promoted the *halal* -related knowledge among cosmetic entrepreneurs,

including the religious requirements and the process needed to conform to the *halal* regulations. Supports also come from other government and academic agencies, e.g. Department of Business Development, Ministry of Commerce, the Industry Promotion, Ministry of Industry, Institute for Small and Medium Enterprises Development (ISMED), and the Halal Science Center, Chulalongkorn University.

The *halal* certification not only indicates that the product is permissible to be consumed or used by a Muslim, it also signifies the quality value orientation of “*product safety, quality, and hygiene*” (Muhammad, Md Is, & Kifli, 2009), or the ‘*elite*’ product. That is, *halal* products in many countries are associated with the value orientation of being safe, healthy, quality-specific, fresh & pure, and even exotic (Ruzevicius, 2012).

Values refer to a person’s desirable goals and play a significant role in determining his/her “*selection or evaluation of actions, policies, people and events*” (Golob, Lah, & Jancic, 2008, p. 86). Basically, values motivate an individual to satisfy his/her expressed or latent needs from either responsive or proactive marketing dimensions (Blocker, Flint, Myers, & Slater, 2011) or the value creation process (Bockmann, 2013). As for Thai cosmetic entrepreneurs, *halal* certification may represent or alternately reinforce the quality symbol for their products.

This research, therefore, aims particularly to explore the values of *halal* certification as perceived by the cosmetic entrepreneurs. The research findings may shed lights on their perception regarding the significance of *halal* certification in cosmetic business, which may benefit them in local and international trading.

Objectives of Study

To explore the values of *halal* certification from a perspective of Thai cosmetic entrepreneurs.

Literature Review

Value of *Halal* Certification

The concept of *halal* defines everything that is “*legitimate or permissible by Allah*” (Ruzevicius, 2012, p. 761). Likewise, *halal* products refer to those that satisfy the Islamic law requirements and are suitable to be consumed by Muslims. The *halal* business at present has expanded from food products, beverages, and food supplement, to cover a number of fields, e.g. pharmaceutical, cosmetic and personal care, consumer goods, hotel and tourism, and finance business.

The products awarded with *halal* certification generally carry the religious-ethnic value; that is, they are free from the prohibited or ‘*haram*’ substances, and hence legitimately allowed to be used or consumed by Muslims. In addition, the said products also contain the quality assurance values of international quality certification system as HrACCP (*Haram* Analysis Critical Control Points), a section of HACCP (Hazard Analysis and Critical Control Points) principles. That is, *halal* manufacturing process is considered as one requirement for a firm to satisfy the international standard manufacturing practices, including good manufacturing practice (GMP), good hygiene practice (GHP), good clinical practice (GCP), good laboratory

practice (GLP), good storage practice (GSP), good engineering practice (GEP), and good distribution practice (GDP) (Moheza, Zailani, & Tieman, 2016).

The quality value of *halal* products highlights the Islamic values of being “*good, clean, and wholesome*” to both the Muslims and non-Muslim consumers. The latter group in many countries basically considers *halal* products as safe, natural, organic, health-oriented, and toxic-free, with no hazard to the environments and animal welfare. As a result, the trading values of *halal* food products all over the world have continually increased from 661 billion US dollars in 2011 to 1.1 trillion US dollars in 2015 (Editorial section, Industry Journal, 2015).

In addition to quality association, the *halal* certification mark is also required in case that the entrepreneurs aim at exporting their products to Muslim consumers in Islamic (e.g. Malaysia, Indonesia, Saudi Arabia) and non-Islamic countries (e.g. Netherlands, Denmark, Germany) (PeW Research, HDC and Emst & Young Analysis, 2014, cited in Wanwijak, 2015). As a result, the *halal* products also contain the marketing value in such a way that facilitates them to penetrate international markets more easily.

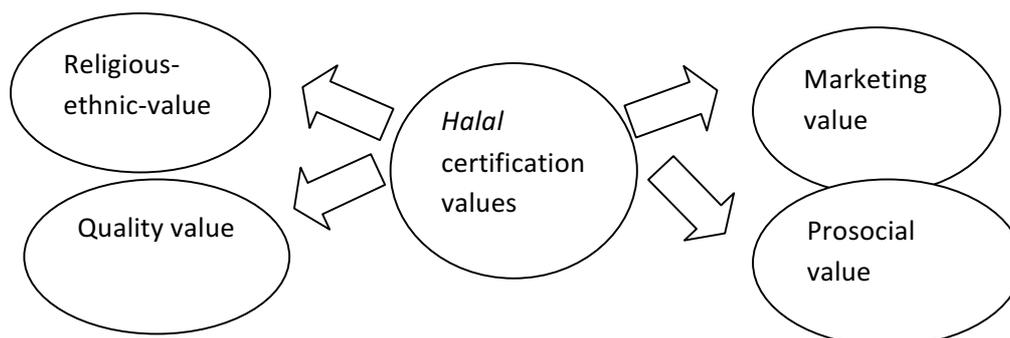
Apart from the aforementioned values (religious-ethnic, quality assurance, and marketing), *halal* products may also generate prosocial social value orientation among the consumers that enhances “joint, and equal outcomes’ between them and the firm. That is, the consumers with prosocial values, besides aiming to “*approach others in a more cooperative way and seek out greater opportunities to enhance their collective outcomes, [also] tend to construe social situations according to morality*” (van Dolen, de Cremer, & de Ruyter, 2012, p. 308). Since *halal* certification is closely associated with the ethical lifestyle choice of the consumers (IMARAT consultants, n.d.), it may be perceived as a means to achieve their prosocial cognitive and behavioral practices.

To conclude, this study concerns the investigation of the cosmetic entrepreneurs’ perception regarding the four values of halal certification; namely, religious-ethnic value, quality value, marketing value, and prosocial value.

Research Questions

1. What is the perceived religious-ethnic value of halal certification?
2. What is the perceived quality value of halal certification?
3. What is the perceived marketing value of halal certification?
4. What is the perceived prosocial value of halal certification?

Conceptual Model



Methodology

This research was conducted qualitatively with the Muslim and non-Muslim SME entrepreneurs in cosmetics business in Thailand. Some of them have got the *halal* certificate, while others were in the applying process or stated their intention not to obtain the certificate. The in-depth interviews were conducted with 12 informants selected purposively on the voluntary basis. The discussed issues concerned the entrepreneurs' perception regarding the values of *halal* certification to their cosmetic business, categorized into 4 types as consisting of religious-ethnic, quality, marketing and prosocial values.

Instrument

The instrument was the open-ended questions asking about the informants' perception regarding the values of *halal* certifications to their cosmetics business, categorized into 4 types as consisting of religious-ethnic, quality, marketing and prosocial values. Three experts were asked to check on the question validity, and they unanimously agreed that the questions corresponded well with the stated research objectives.

Data Collection & Analysis

In-depth interviews were conducted with 12 purposively-selected Muslim and non-Muslim SME entrepreneurs in cosmetics business. The data collection was conducted in June, 2015 and was completed in September, 2016. The data were then transcribed and categorized according to the predetermined themes, and thereby analyzed both thematically and inductively to get the overt and hidden meanings of the respondents' perceptions. The results were presented descriptively.

Results

The findings regarding the key informants' perception regarding the values of *halal* certifications to their cosmetics business can be categorized into four parts as follows: religious-ethnic value, quality value, marketing value, and prosocial value.

Religious-ethnic value

The key informants stated that, for cosmetic products, the *halal* certificate signified the value of religious-ethnic quality. That is, the product with *halal* certification initially signifies that it is free of "*animal gelatin, alcohol, and toxic chemical ingredients.*" Moreover, in addition to strictly following the *halal* process, the investigation process was also thoroughly conducted by COCIT and Provincial Islamic Council to ensure the good manufacturing process (GMP), the good storage practice (GSP), the good hygiene practice (GHP), and the good distribution practice (GDP). For example, if *halal*-only premises were unavailable, the manufacturing, storing, and distributing process of *halal* products must be handled separately from the non-*halal* ones. The said practices enabled the cosmetics to comply with the Islamic regulations, and hence permissible to be used by the Muslim consumers. One respondent indicated that the cosmetic factory strictly supervised its manufacturing process to ensure that "*no religious [Islamic] violation had been conducted.*"

Quality value

The cosmetics with *halal* certification were generally recognized as safe for both the Muslims and non-Muslims. Since the *halal* cosmetic products are alcohol-free, they are safe for “*sensitive body skin and face.*” Moreover, one of the respondents shifted her focus to produce the ‘*organic halal cosmetics*’ e.g. Turmeric herbal body scrub, and Tamarinds scrub cream. The herbal product, stated the respondent, were of best selling specifically among the Muslim consumers in the middle-east region.

Our [halal] products are famous for being natural, alcohol-free, chemical-free, and herbal-oriented. Both Muslim and non-Muslim consumers trusted that our products won't do any harm to their face and body.

When compared with other western brands, the *halal* cosmetics, at first glance, were perceived as “*exotic and unfamiliar,*” and the consumers were “*reluctant to try.*” However, after using the products, most consumers felt confident in the “*healing and protective*” ingredients of the products.

Marketing values

The SME cosmetics entrepreneurs unanimously agreed that *halal* certification was significant in generating product acceptance among the Muslim consumers, with increasing opportunities for exportation to the Muslim countries. Unlike food and beverages, in Thailand, *halal* certification has not yet been required among cosmetics products. However, a number of cosmetic entrepreneurs were very much alert in securing *halal* certification, either because they had a plan to export their products to Muslim countries in ASEAN or in the Middle-east region, or because they were demanded by the destination countries to carry a *halal* label on their products. One of the respondents stated that exporting a product to Malaysia is “*almost impossible without halal label.*” Even in Dubai in which Islamic regulations are the least restricted comparing to other nearby middle-east Muslim countries, the imported products with proper *halal* certified label are originally required.

According to the Muslim key informants, *halal* certification is nonetheless compulsory for the Muslim consumers in the domestic markets. In this case, the religion of the entrepreneurs was no point of concern, since “*no matter whether you [the entrepreneurs] are Muslim or not, you should get the Halal certification mark anyway*” so that “*your product will be reliable and strengthened for further exportation.*”

Some cosmetic entrepreneurs, however, did not apply for *halal* certification. This is due to the fact that their target customers were either tourists from non-Muslim countries (e.g. China), or they had exported their product to non-Islamic countries (e.g. Cambodia). They nonetheless stated their intention to apply for *halal* certification mark in the future if they had a plan to extend their exportation to the Islamic countries.

Prosocial value

Unlike food products, halal cosmetics do not practically involve animal slaughtering, in which the proper process has to be implemented. However, the cosmetic entrepreneurs would pay much attention not to include *haram* ingredients (e.g. pork gelatin, alcohol) in the product. In this aspect, one respondent further clarified that, according to the Islamic requirements, the product hygiene and safety is highly significant since “*Islam prohibits the use of ingredients detrimental to the public’s well-being; therefore, we must be very careful not to add toxic chemical substances that might harm our customers in both short- and long-term.*”

The concern for public health safety has strengthened the positive image of *halal* cosmetics as being reliable and caring for both the consumers and the society, since chemically toxic ingredients are strictly prohibited. Hence, *halal* label is presently perceived as the symbol of quality, health, hygiene, and ethical practices of all parties concerned. One respondent stated that:

Some of our non-Muslim customers said that they felt good to use our [halal] cosmetics. They perceive that we do our business based on moral and ethical standards, not just thinking only about our profits and hence not caring for the customers. For them, strictly abiding with the Islamic practices is a kind of morality.

To conclude, the SME cosmetic entrepreneurs in Thailand agreed that *halal* certification is significant for product exportation to the Islamic countries. Besides the marketing value, the *halal*-certified products additionally contain the values of quality and morality in such a way that they were produced and processed on the basis of personal and social care, thereby reinforcing the ethical values and standards of the product users.

Discussion

The research findings indicated that the key informants unanimously agreed that *halal* certification carried the value of quality, safety, and hygiene for health. The *halal* label also signifies the ethical and moral concern of the cosmetic entrepreneurs, in which they willingly agree to avoid adding toxic ingredients in their products. As for the entrepreneurs themselves, they were rejoiced that they have righteously followed the Islamic regulations, and simultaneously provided hygiene and quality products to their customers. Furthermore, the *halal* certification and label additionally open new markets for their products, both domestically and internationally, so that they could reach to not only the Muslims, but also the non-Muslims as well.

As for the customers, while the Muslim consumers basically feel comfortable when using the permissible cosmetic products, the non-Muslim customers’ perception is notably interesting. That is, they were perceivably satisfied with the *halal* products for two reasons. First, they could trust that the products would do no harm to their face and body. Second, they were delighted that, by using the *halal* products, they could support the entrepreneurs who care less for their personal gains, but care more for the well-being of their customers. This might be the reason why the demand for

halal cosmetics has been incessantly increasing in significant markets around the world.

Although Thailand has not yet formulated the written regulations for *halal* cosmetics (CICOT website, 2016), the entrepreneurs themselves are quite enthusiastic in changing their manufacturing process to meet with *halal* conformity and later apply for *halal* certification. This kind of enthusiasm could also be seen in the endeavors of those in-charge academic and government agencies, which constantly provide concrete supports to the interested entrepreneurs, i.e. training programs, education trips, domestic and international product exhibitions, aids for market penetration and expansion.

At present, the quality value orientation of *halal* certification has been extended from food and beverages products to cover other product- and services-based industries, such as banking, tourism, genuine leather goods, cosmetics and personal care, perfumeries, supply chain and logistics, and personal hygiene products (Ruzevicius, 2012). This extension stems primarily from the public, both entrepreneurs and customers, who are increasingly aware of the values of *halal* -certified products.

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