

SUPPLY CHAIN MANAGEMENT TRACEABILITY PROCESS FOR HALAL COSMECEUTICAL

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Abstract: The purpose of this research is to introduce a framework on the relation of supply chain management with traceability system towards the consumer tendency to purchase halal cosmetic throughout the entire process of supply chain management. This research provide supporting evidences to ensure the process of supply chain management can be monitored with traceability system that boost customer tendency to purchase halal products.

Furthermore, this research develop a new concept or model of supply chain management traceability proces (SCMTP) for halal cosmeceutical industry and introduce variables that might be affecting the consumer tendency to buy halal cosmetic which are customer's knowledge and attitude towards the product and halal status.

Keywords: Halal Supply Chain, Halal Cosmetic Product, Traceability System, Purchase Intention,

1.0 INTRODUCTION

Halla is an Arabic word that is widely known as Halal that translates "lawful" or "permissible". It refers to anything that is considered permissible and lawful to be consumed or do under the religion. While the opposite of Halal is Haram which means forbidden and punishable according to Islamic law. It is derived from the verb Harrama. According to Al Jallad (2008), Halal covers every aspect of Muslim's way of life such as behavior, speech, dress, conduct, manner and dietary. Currently, muslims are more concern regarding Halal and Haram matters in their daily life. Previously, Halal and Haram only limited to food matter, but nowadays, it goes beyond food consumption and extends to other areas (Ab Talib, Abdul Hamid and Zulfakar, 2015) for instance logistics and supply chain. It is also supported by Tieman (2011) that Halal products or services mainly focusing on the consumption or purchase and involves every aspect and activities along the supply chain. It indicates that one of the integral parts of Halal business is Halal supply chain.

Other than food consumption, people are now looking for the other Halal product in their daily life. Based on a report of Halal personal care products and cosmetics, Hunter (2012) stated that there are more market product choices consisting of new ingredient formulation available to consumers, however, based on Islamic law, some of these

ingredients unsuitable for Muslim consumers due to their questionable source and method of processing. It indicates that people who are looking for Halal product has increase from time to time.

Naseri (2021) shows that the growing market size of Halal product has reached USD 39 billion in the year of 2018 and expected to create opportunities for the Halal cosmetic products and personal care industry. Greater scrutiny was done by Muslim scholars regarding the cosmetic and pharmaceutical sector since it raised a suspicion that many international brands are using enzymes extracted from pork meat or alcohol (Mukthar and Butt, 2012). This influences the Muslim consumers seeking Halal cosmetic product purchase tendency.

2.0 PROBLEM STATEMENT

Previous research shows that there is significant relationship between Halal cosmetic products and the development of Halal cosmetic in the market. When there a demand, hence, there is a supply in the market. Since the demand for Halal cosmetic products increasing, this research attempted to discuss the two factors that may influence consumer's purchase intention towards Halal cosmetic products. The two factors are consumer's knowledge and attitude pertaining to Halal matters.

3.0 OBJECTIVES

Thus, the objective of this research is to identify the relationship between consumer's Halal knowledge and purchase intention towards Halal cosmetic product and to identify the relationship between consumer's attitude and purchase intention towards Halal cosmetic products.

4.0 SIGNIFICANT OF STUDY

This research is significant to Muslim customer as it is important for them to know about how the quality of Halal is being assured of the products that they consumed or uses. A significant and important proportion of Malaysian's Muslim populations will be concerned about the Halal status of the current cosmetic products. Most cosmetics products marketed in Malaysia are currently imported from non-Muslim countries such as Europe and Asia. There is unavailable tools to identify and ensuring that the product is Halal and safe to be consumed by the Muslim consumer.

5.0 LITERATURE REVIEW

5.1. Halal Supply Chain for Cosmeceutical Product and Traceability System

Based on the journal Halal Cosmetics Supply Chain – A Conceptual Model by Mohammadian and Hajipour, (2015), an integrated supply chain for Halal cosmetic products should be developed because consumer is the end user or player for cosmetic products. For such reason, it is essential for them to receive products that fulfill the Halal procedures across all processes. There is very limited study on the supply chain for cosmetic products in regards of ensuring the Halal process and procedures. Therefore, the

basic concept for cosmetic supply chain applied in this research including raw materials, production/packaging/labeling, storage, distribution, retailer, and consumer. Because all variables are related to the supply chain, no process could be eliminated. Thus, production and raw material merged while the variable of distributing, retailing and storage merged due to the positive direct and indirect impact respectively.

As supported by Jaafar et. al., 2011; Husain et. al., 2012; Salleh and Hussin, 2013 as cited in Annabi, C. A., & Olajumoke Ibidapo-Obe, O. 2017 stated that sourcing, production with Halal ingredients, manufacturing procedure, storage, packaging, and logistics are included in the process of supply chain in discussing Halal cosmetic products. Therefore, it has justified previous research by Mohammadian et al., (2015) that no process in the supply chain process could be skipped to determine quality assurance for cosmetic product. Logistics service has been launched after receiving MS2400- Halal certification from Jabatan Kemajuan Islam Malaysia by MAB Kargo, the subsidiary company of Malaysian Aviation Group. These inaugural logistic services launched on 20 September 2019 to ensure that Halal status will be maintained and monitored for both food and non-food products (Smith, 2019). Through this activity supply chain for food or non-food products including cosmetic products will follow the rules and compliance by JAKIM in ensuring the quality assurance for each product involved.

Another vital variable included in this research is traceability system. Since Halal status is very important since the beginning of the process until the end products, it is important that traceability system to be applied in the first step of supply chain as for the industry, starts from the raw material used, processing location, logistic until the distribution of cosmetic product to the consumers. According to Mohammadian et al., (2015), under the traceability system, there are two main roles which is tracking and tracing respectively. Tracking refers to the ability to track the all the process involved from the beginning until the end of product whereas tracing means the ability in tracing back along the supply chain, such as the end user to the supplier and vice versa. Therefore, traceability system is the ability to explore every item including raw material used and tracing the production from the manufacturing until the distribution to the customer. The traceability system for cosmetic industry supply chain is very significant considering that it will instill customer's assurance in selecting Halal cosmetic product. Kher et al. (2010) also stated that by having Halal traceability system, it will help to protect company reputation while customers will become more confident towards the product offered to them.

5.2. Halal Quality Assurance of Cosmeceucial Product

For a product to be considered as Halal, it is not only limited to the raw materials. According to Ambali and Bakar (2014) it also signifies hygiene and quality. This is because 'toyibban' is included in every aspect of Halal. 'Toyibban' bring a meaning of good quality, safety, cleanliness, nutritious and authentic (Salleh and Hussin, 2013) It means that anything related in producing that product such as the process, the handling of the product, wellbeing and to avoid the product to compromise to the unlawful process or ingredients need to be accounted for in order for the product to be Halal and toyibban.

Apart from that, Halal quality assurance also involves the process of supply chain such as production, packaging, storage, distribution as well as the retailers. This was

supported by Tieman, Van der Vorst and Ghazali, (2012) in order for ensuring the success of Halal supply chain, every supply chain activity must comply to the Islamic law and meet the expectation and the demand of Halal demand market and consumer.

5.3. Development of Halal Cosmetics in Islamic Markets

According to Thomson Reuters (2013), Muslim community have a very significant shares cosmetic total spending. It is estimated that \$26 billion or 5.7% of global expenditure has been spent on cosmetics and is expected to reach or perhaps break \$39 billion by 2018. Besides that, a survey that was conducted which involved Muslim consumers in Malaysia regarding the demand for Halal cosmetics product shows that the concerns for Muslims consumers has increased since 2014, the demand for Halal cosmetics globally has grown significantly with further annualized growth of 10% (Ahmad, A.A. Rahman, and S.A. Rahman, 2015). As time passed by, Muslim consumer is increasingly leaning towards compliance to Islamic law that pushes the market to provide spaces for Halal products and one of them is cosmetics. The ever growing community must not be ignored as nowadays it shows that Muslims seeking for the Halal cosmetic products and it is coincidentally related to the growth of Halal cosmetic in the market.

5.4. Knowledge

In the era of Internet of Things, information is easily available from the internet. Through internet as well, knowledge is easily transferred from a source to the customer. Thus, media plays important roles in customer understanding on the Halal status of cosmetic products. Increasing awareness about Halal product or supply chain status was largely contributed by the media. Several studies have been conducted to study the relationship between knowledge and customer tendency on purchasing a product.

Satish and Peter (2004) explains that knowledge about product is what influence consumer in making decisions before purchasing a product. This was supported by (Sohail and Faiza, 2015) in their study on 100 consumers in Pakistan resulting into finding that knowledge is positively correlated and highly significant to the tendency to purchase a product. (Andrei, 2012) on his study of purchase in Romania finds out that relationship between knowledge and purchase frequency (of organic food) does existed. The more knowledgeable the customer about the products, it will increase the purchase intention eventually increase the tendency of buying the product. A research conducted by Vermeir et al. (2006) found that high knowledge of a product is associated with a high behavioral intention.

In an Islamic country like Malaysia, in which the Muslim population made up 61% of the total populations, knowledge about Halal status is important in order to target this market. It is important for them to know and understand how the products were handled and what had been in done in the entire process to deliver it to them to ensure the

Halal status were administered. The tendency to purchase will increase the more they know that the product is safe (Halal) to be used or consumed.

5.5. Attitudes

Attitudes can also be defined as evaluations which involved a preference or feelings towards and objects as commonly expressed in terms such as like, dislike, love and hate. Individual customer may have shared attitude to the same product but for different motives. Although it is hard difficult to disprove the influence of attitude towards purchase, motives may add to the weight of the final decision.

Based on Pride and Ferrel (1991), attitude refers to knowledge and positive or negative feelings about an object or activity. Hawkins, Best and Coney (2004) mentioned that there are three main components that made up attitudes which are the Cognitive Component, which related to consumer beliefs about a product. Affective Component which refers to the feelings or emotional reactions towards an object and finally Behavior Component, which reflects to the tendency of a consumer in responds towards an object or activity.

Analysis from Patrick Hartmann (2011) reveals that there is a significant influence of attitude towards brand on consumer's intention to purchase. According to Berger and Corbin (1992), attitude alone does not trigger consumers to actual buying or purchase but the attitude need actual "push" or "influence" to materialize. However, in an experiment conducted by Vermeir and Verbeke (2006), they argued that there is conflicting in attitudes and behavioral intention, some consumers have a very positive attitude towards buying however not intending to buy the products. Conversely, this customer has a limited access towards the product that were involved in this study. Attitude contributed to consumer purchase intention was once again proved in Ondang (2015), in her study of purchase intention on Billy Coffee House customer at Mega Smart Area Manado. Her experiments found that 70.2% of consumer purchase intention was influenced by perceived value and attitude towards the brand.

6.0 HYPOTHESIS

This study has proposed two hypotheses. The proposed hypotheses are as follows:

H1: Knowledge on Halal status has positive impact on consumer tendency to buy Halal cosmetics

H2: Attitude on Halal products has positive impact on consumer tendency to buy Halal cosmetics

7.0 CONCEPTUAL FRAMEWORK

Hence, the conceptual framework proposed as follows.

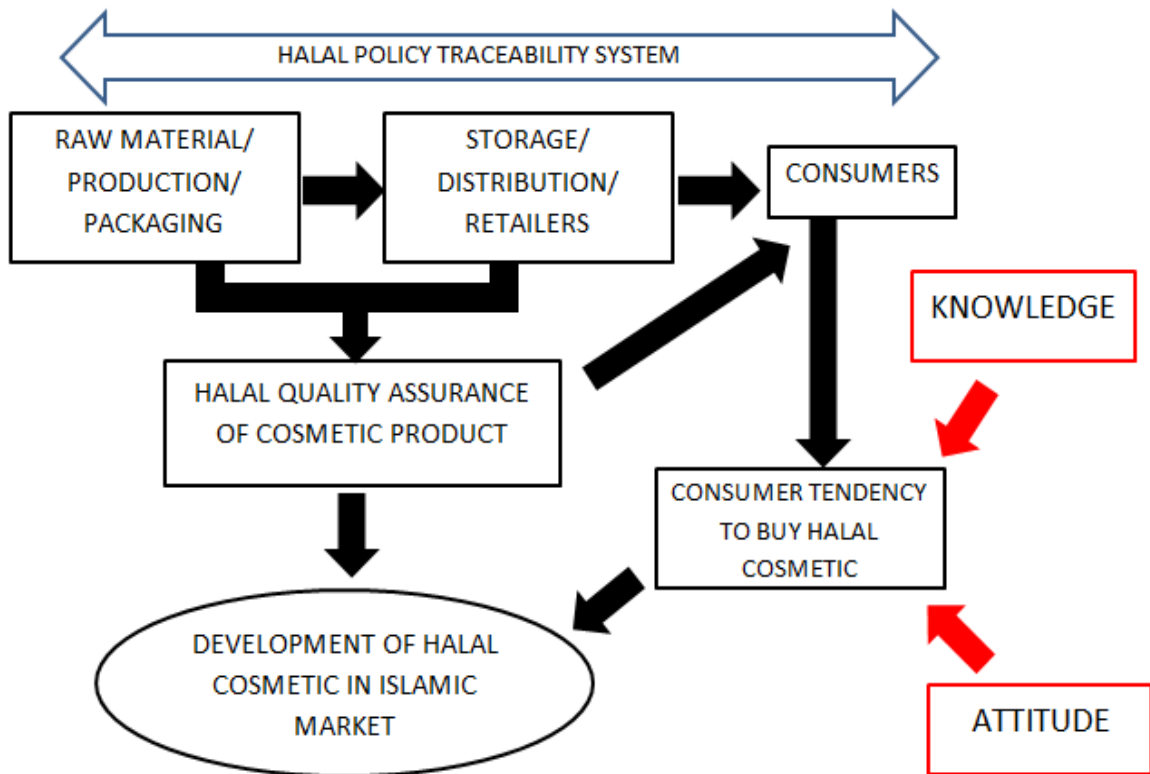


Figure 1: The conceptual Framework

8.0 CONCLUSION

Halal status is significant to the Muslim customer particularly in a Muslim country like Malaysia. This study aims to investigate the relationship between the variables knowledge and attitudes towards customer purchase intention in buying Halal cosmetic products by not only looking at the end products but also the entire supply chain starting from the making to using the product. Traceability system in this study is not discussed in deep, but it is believed that the customer knowledge and attitude will significantly increase if there is a proper system to track the product Halal status. This will translate directly into customer purchase intention in buying Halal cosmetic products.

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