

UNIVERSITI TEKNOLOGI MARA

**INFLUENCE OF MANAGEMENT IN
STATISTICAL PROCESS CONTROL
SUCCESS AND ITS IMPACT: CASE
OF HALAL COSMETICS
INDUSTRIES IN SELANGOR**

ROSITA BINTI HUSAIN

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ABSTRACT

The demand for halal cosmetics products is rapidly increasing due to the high quality of the products. Hence, it is not surprising that halal cosmetics industry can be the next emerging sector for the Halal Industries in Malaysia. The halal cosmetic products in Malaysia are certified and control under JAKIM (Department of Islamic Development Malaysia) and follow the Malaysian Standard MS 2200:2008 requirement. According to the Standard MS2200: 2008, Halal Cosmetics products must be safe and not hazardous to be used by customers. It means the products should have high quality in the manufacturing process. Thus, the implementation of Quality Control method intended to improve the quality of the halal products has become a business strategy for organizations. Statistical Process Control (SPC) is known as a powerful technique which organizations can use in improving the quality of products or services and lead to the many benefits for companies. Therefore, the purpose of this study is to examine the influence of management commitment on SPC implementation and the impact of SPC implementation on company benefit. The study was conducted for 10 cosmetics companies in Selangor, and use self-administered questionnaires as data collection method. This study identifies the factors that affect the SPC implementation in the Halal cosmetics companies. Partial Least Square Structural Equation Modelling (PLS-SEM) is used to model the effect of SPC implementation based on the identified factors. The results of the PLS analysis support the proposed model with all regression coefficients are significant at 0.05 ($t\text{-value} > 1.97$), i.e. the relationships among the constructs are statistically significant. The results show that Management Commitment has a significance effect on the SPC Implementation along with some other factors. Finding of the study also shows that, SPC Implementation is one of the factors that will contribute to the benefits to the companies if the management of the organization give a commitment on its implementations.

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CHAPTER ONE

INTRODUCTION

1.1 RESEARCH BACKGROUND

The word Halal originates from an Arabic phrase that means “permissible” or “lawful” under the Islamic Law (Syara’). The Law refers to the Al-Quran and Sunnah (the teaching and exemplary conduct of Prophet Muhammad S.A.W). The term halal refers to any object or action that is authorized to be used or engaged in. All actions and things contrary to halal is haram , which means “forbidden”, which is not permitted under Islamic law (Syara’s) (Kamali, 2011). Muslims all over the world face problems related to the concept of halal and haram every day, because the concept is not just about food products.

The Islamic or Halal brand is not a new world market although exploration of halal concept towards branding and business is still very much in its early stage. However, the halal concept in Islamic branding does have great potential (Wilson & Liu , 2010) . Besides, the application of brand theory is not necessarily restricted to the halal brand as it also represents an interpretation of its meaning and the overall halal in Islam.

According to the Malaysian Department of Islam (JAKIM), there are generally four benefits of halal certification: (1) high-level consumer confidence which allows users to make confident choices about their purchases; (2) provision of a healthy competition where producers use it as a tool for market strategy; (3) quality assurance indicating that products not only meet halal requirements, but also adhere to strict hygiene practices; (4) enforcement, where certification involve a mechanism to audit and monitor halal products. Therefore, to maintain an optimal level of quality halal cosmetic products, the quality management system has to be efficient and systematic. The existing concept of effective management in producing halal cosmetic products demands the successful execution of three activities: quality planning; quality assurance, and quality control and improvement (Montgomery, 2009). Similar concepts will be used to design and build quality management systems for halal cosmetic products.