

The Significant Role of Muslim Entrepreneurs: in the Context of Halal Cosmetic Industry

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Abstract:

The halal industry does not limit on food. Halal is a lifestyle that covers everything in the life of a Muslim. Muslim entrepreneurs play an important role in society, in contributing to Islamic economic. Islamic Entrepreneurship is based on the concept of al-rizq, halal and haram and the principle of brotherhood (Ukwah). This article will discuss on understanding Muslim market towards halal cosmetic and personal care product and the challenges of Muslim entrepreneurs must overcome to fulfil the increase demand and awareness of halal cosmetic and personal care products. In regards of the comprehensive review, it is recommended that Muslim entrepreneurs should focus on producing halal cosmetic and personal care product that meet the need of Muslim consumers and more importantly, is lined with sharia compliance.

Keywords

Halal cosmetic and personal care, Muslim entrepreneurs and Muslim market.

1.0 Introduction

It is becoming increasingly difficult to ignore the role of entrepreneurs in the development of economics. Kuratko, (2009) stated that entrepreneur is an innovator or developer who recognizes and seizes opportunities; converts those opportunities into a workable / marketplace idea; adds value through time, effort, money or skills; and assumes the risks of the competitive marketplace to implement this idea. Kuratko in his book used the word catalyst to describe the role of entrepreneur in the economy. It showed the significant role of entrepreneurs and the impact of the activities of entrepreneurship to the society.

1. 2 Muslim Entrepreneurs

1.1 An entrepreneur

An entrepreneur is the person who triggers the business development, contributes to market penetration of new innovating product and open opportunities for others to gain income by providing job opportunities. The word entrepreneur origin from French *entrepreneur*, meaning to undertake. An individual who is daring enough to commit, to agree for risk and accept responsibility is an entrepreneur. Kuratko, (2009) points out the unique characteristic of an entrepreneur with the main purpose of creating wealth. The unique characteristics are optimistic, risk taker, confidence and ability to learn from mistake. There is more characteristic of an entrepreneur that is associated with the success of it. There are a number of important differences between entrepreneurs and Muslim entrepreneur. This view is supported by Faizal, Ridhwan, & Kalsom (2013) who write Muslimpreneurs should differ from other entrepreneurs in their motives and aims. Entrepreneurship in Islam has to follow shariah law. There is no separation between religion and entrepreneurship. The activities carried out by Muslim entrepreneurs is call ibadah. Thus, the characteristic of entrepreneurs in Islam differ from the characteristic of conventional entrepreneurs (Syahida Abdullah, 2013). Even though as Muslim all the unique characteristic of an entrepreneur do apply, it has been suggested that Muslim entrepreneur or Muslimpreneurs must have taqwa or faith (Faizal et al., 2013). Businesses main objective is to gain higher profit from their competitors. They also want to sustain in the market and try their best to create competitive advantage. The motives of Muslim entrepreneurs in business are beyond the profit maximization. Their aims are to be successful now and hereafter.

Muslim entrepreneur is the person who rules and manage the business following shariah law. Not only he or she has to comply with Shariah law, a Muslimpreneur must be a good Muslim in order to

be a successful entrepreneur. The objectives of a Muslimpreneurs are to fulfil the needs and wants of consumers without disregard the responsibility towards Allah and society. Being a Muslim, everyone must have faith towards Allah SWT. The Muslimpreneur can be defined by reviewing the characteristic of Muslim entrepreneur. A recent study by(Faizal et al., 2013) involved data analysis from al-Quran and al-Hadis to find out the characteristic of entrepreneur. The result of the study has been summarised as shown in the table.

Muslim Entrepreneur characteristic	Sources from al-Quran & Hadith
Taqwa as a framework	Al-Saff. 61: 10-11
Halal is top priority	Al-Maidah.5:88, Al-Baqarah.2:168
Do not waste	Al-A'raf.7:31
Worship Allah is a priority	Al-Hijr.15:67
Practicing high moral value	Al-Baqarah.2:275
Trustworthy	Hadith: Al-Tirmidhi. Book 14 #1213, Sahih Bukhari. Vol 3, Book 41 #576
Concern for the welfare	Al-Haj.22:77, Al-Anfal 8:3
Knowledgeable	Al-A'laq.96:1-5
Caring for society and environment	Al-Qashash.28:77

There are nine characteristics. This study concludes that a Muslimpreneur characteristic is an important asset to be a successful entrepreneur. Taqwa is the most essential characteristic of a successful Muslimpreneurs. Taqwa has been understood from the literature as God consciousness or feeling fear and love of Allah SWT. This study is supported by Yaacob et al., (2012) who claim Muslimpreneurs must have taqwa or faith to Allah SWT. The authors refer to the decree of Allah in the Quran, “O you who have believed, shall I guide you to a transaction that will save you from a painful punishment? [Is that] you believe in Allah and His messenger and strive in the cause of Allah with your lives. That is best for you, if you should know” Surah Al-Saff: 10-11.

Yaacob et al., (2012) found a significant relationship between Muslimpreneur personality of taqwa to Allah SWT and the achievement of successful Muslim entrepreneurs in Malaysia. The second result from the study was there is a positive

relationship between the personality of Islamic leadership and the achievement of successful entrepreneurs in Malaysia. “From Islamic perspective, all Muslim individuals are leaders”(Yaacob et al., 2012). The leader characteristics according to Islamic perspective as suggested by Yaacob et al.,(2012) are

- Close relationship with their subordinates
- Dignity, self-esteem and good moral value
- Honesty
- Trust

The leader in Arabic is Khalifah, also known as caliph (خليفة). A better study would discuss more on leadership in Islamic worldview known as khalifah. The two-main reason of man existence is to be servant of Allah and to be caliph of Allah. A caliph is responsible towards worshipping Allah and carrying out task as mankind based on Islamic law. The obligation function as a Muslim is divided into two, personal and collective. Personal obligation is known as fardhu ‘ain and collective obligation is known as fardhu kifayah. Fardhu ‘ain is refer to each of muslim to perform their own personal duty. The personal duty involved solat, fasting in Ramadan and paying zakat. The individual Muslim who not accomplish their own duty will accountable their own sin. The concept of fardhu kifayah will be discuss more later on the topic of the role of Muslim entrepreneur.

Syahida Abdullah, (2013) claims four main attributes which raise the success of Muslim entrepreneurs.

- Honesty
- Wisdom
- Trust
- Sharing contribution

These three articles; discussed on characteristic of Muslim entrepreneurs that contributes to the success of the Muslim entrepreneurs. The main source of analyses is from al-Quran and Hadith. This is the difference between conventional entrepreneurs and Muslim entrepreneurs. However,(Syahida Abdullah, 2013) and (Yaacob et al., 2012) offer no explanation for the concept of hereafter or afterlife that form the Muslim entrepreneur characteristic.(Hoque, Mamun, & Mamun, 2014) highlight the importance of excellent characteristic of Muslim entrepreneurs to be successful in life here and hereafter.The most significance differences between Muslim entrepreneurs and conventional is Muslimpreneurs seeks for infinity reward. The main objective of Muslimpreneurs is not merely money. This view consistent with Hassan & Hippler, (2014) that

discussed the conventional entrepreneurs normally judges the success by financial position in the business and the market share. However the religious aspect of Islamic entrepreneurship implies that success is measured not only by personal financial success, but also how well religious goals are achieved, which may provide the entrepreneur with rewards in the afterlife (Hassan & Hippler, 2014).

2.0 The role of Muslimpreneur

Islam is the complete set way of life and afterlife. Entrepreneurship has been part of the Islamic civilization. History prove entrepreneurship play a significant role in Islam. It is begin when Prophet Muhammad SAW participate in the entrepreneurship activities that have sharpen the leadership and management skill. The distinction characteristic and personality of Prophet Muhammad SAW enhance the successful of the bussines. Prophet Muhammad SAW is the role model for Muslim entrepreneurs. In the context of halal cosmetic and personal care product, Muslim entrepreneurs have major task to accomplish. (Hamid, n.d.) points out the low level of entrepreneurship among Muslim communities. There is positive attitudes towards entrepreneurship but the low level of initiative to start up the business.

Even though Halal cosmetic have been well established in Malaysia, it still has not captured the eye of the consumers and gain high market share in the country (Aziz, Baharudin, & Shamsudin, 2012). Halal food industry gain more attention from the industry player, government agency and researcher. Muslim entrepreneurs give positive reaction toward producing and promoting halal food compare to Halal cosmetic. Aziz et al., (2012) points out that Halal cosmetics and personal care product did not have same urgency as Halal food and Muslim learned late that halal actually cover all aspect all Muslim life. The main role of Muslim entrepreneurs first of all is to produce Cosmetic and personal care product that is shariah compliance. As stated in the MS 2200:2800 Islamic consumer goods, Part 1: Halal cosmetic and personal care, General Guidelines. The attempt to produce halal cosmetic and personal care product is consider collective obligation or fardhu kifayah. Fardhu kifayah act is when Allah SWT requires from the community that is responsible to undertakes certain obligation such as funeral arrangement. If there is no one willing to do it, all of them are guilty of serious sin for neglecting the obligation. The need of Halal cosmetic become urgent due to increase of awareness and knowledgeable Muslim. Consumer awareness and

public concerns about halal labels have increased especially among the Malays (Teng & Wan Jusoh, 2013).

Hunter, (2012) claims that Muslims becoming much more concerned consumers, developing fastest growing consumers segments in the world. To date, Muslim consumers have to make difficult decision towards purchasing Halal cosmetic and personal care product. In the market there are plenty of cosmetics and personal care product without halal certificate and popular internationally. Muslim entrepreneurs need to take this opportunity to provide more choices of Halal cosmetics and personal care product among Muslim consumers. Based on the characteristic that have been discussed earlier, this task will become ibadah. The second role of Muslim entrepreneurs is to be able to practice the Principle of Halal. Islam established a number of principles which constitute a strong based for differentiating between halal and haram. The principle of halal is valid to all process of producing halal cosmetic and personal care product. Qaradawi (2010) in his book, Halal and haram in Islam, stated eleven points of the principle.

1. The rule is that everything is Halal unless explicitly forbidden.
2. Only Allah has the right to legislate for man.
3. Prohibiting halal and permitting Haram is synonymous with syirik
4. Haram always associated with what is bad and harmful
5. There is always better a better substitute in halal for that which is made haram
6. Anything that leads to haram is considered haram
7. It is haram to declare something halal when it manifestly haram
8. Good intention does not justify committing haram
9. One should guard himself against matters that are on the borderline between halal and haram
10. In the extreme circumstances, haram is permissible with certain limits.
11. The haram is prohibited to everyone alike.

The third role of Muslim entrepreneurs is to learn and understanding the Muslim market. Muslim entrepreneurs must have knowledge on halal cosmetic and personal care product and consumer behaviour. The Muslim entrepreneurs should concern how to position the Halal cosmetic and personal care product in the market local and globally. Two main factors will be price and the product differentiation. In the context of rizq, Muslimpreneur will be brave enough to be risk

taker and believe that rizq has been determined by Allah. Then there will be fair competition in the market. Products that have competitive advantage will sustain in the market.

3.0 Definition of halal cosmetic and personal care products.

The definition of cosmetic product based on ASEAN Cosmetic Directives; A cosmetic mean any substance or preparation to be placed in contact with various external parts of the human body (epidermis, hair system, nails, lips and external genital organs) or with teeth and the mucous membrane of the oral cavity with a view exclusively or mainly to cleaning then them, perfuming them, changing their appearance and/or correcting body odours and/or protecting them in good condition.

Refer to this definition, cosmetic is not only lipstick or mascara it also cover other product such as bath product, skin care product, personal hygiene product, deodorant and perfume. This type of product classification is known as personal care. In Malaysia cosmetic product must comply with the government safety and regulation. The guidelines for control of cosmetic product in Malaysia are prepared in accordance with the ASEAN Cosmetic Directive.

According to the MS 2200:2800 Islamic consumer goods, Part 1: Halal cosmetic and personal care, General Guidelines, Halal Cosmetic and Personal care products, including the accessories, our product permitted under sharia law and fulfil the following conditions:

- a) Do not comprise or contain any human parts or ingredients derived from there of;
- b) Do not comprise of or contain any parts or substances derived from animal forbidden to Muslim by sharia law, to use or to consume or from halal animal which are not slaughtered according to sharia law;
- c) Do not contain any material or genetically modified organism (GMO) which are decreed as najis according to sharia law;
- d) Are not prepared, processed, manufactured or stored using any equipment that is contaminated with thing that are najis according to sharia law;
- e) During its preparation, processing or manufacturing the product is not contact and physically segregated from any materials that do not meet the requirements stated in item a), b), c) or d); and

- f) Do not harm the consumer or the user.

According to Husain, Mehad, Mohammad, & Ghani (2012) halal cosmetics are products that must not have any human parts or ingredients thereof; not contain any animal forbidden to Muslims or are not slaughtered according to syariah law; no genetically modified organism (GMO) which are decreed as najis; no alcohol from alcoholic drinks (khamar); no contamination from najis during preparation, processing, manufacturing and storage; and safe for consumer. Throughout this paper the definition of Halal Cosmetic and personal care product is refer to MS 2200:2800 Islamic consumer goods, Part 1: Halal cosmetic and personal care, General Guidelines.

Whilst many studies have been covered on Halal aspect so far, few are focusing on halal cosmetic and personal care.

The aims of applying cosmetic and personal care are generally to be well presented, look fresh, feel clean and smell good. At the same time consumers want to feel safe using the product and confident on the side effect. Cosmetic and personal care product is used daily and by many people regardless their age and races. The demand for halal, safe product and hygiene has increased. This has been reported by Organic Monitor, November 2012, that Halal cosmetic has been gaining popularity after the Malaysian government introduced the halal Cosmetic standard (MS 2200:2008) in June 2010.

Halal cosmetic and personal care allows Muslim consumers to express their feelings and appreciate beauty more than just an obligation. Muslim women, especially feeling grateful because they have a chance to enjoy beautiful and the same time practicing a good Muslim behavior. Cosmetic is very personal since it touches the human body and direct contact with skin. The Halal certificate is issued by Malaysia Islamic Development Department (JAKIM). As mentioned above, halal cosmetic must comply with the Malaysian Standard requirement, MS 2200:2008.

Halal cosmetic is not only based on the ingredients that are used in the formula, in involved the whole process of production.

The word halal in the industry has more than one meaning. Halal can be a logo, a brand a name or even marketing tools. It is well known as a new brand that represents purity, cleanness, safe and environmentally friendly. Halal is actually a

spiritual need for Muslims. Muslim sees halal as an obligation and fulfils their needs as a Muslim.

3.1 The Halal Cosmetic and Personal Care Industry.

According to Ariyanchira (2017), the demand for halal cosmetics is currently estimated to be around US\$20 billion. The market is said to be growing rapidly with 75% demand coming from the Asia Pacific countries, while the countries with large Muslim population are expected to have higher demand for halal cosmetics as their economic conditions improve.

The global halal market is currently valued at US\$2.3 trillion (US\$1 = RM4.42) annually with the halal food sector worth US\$660 billion being the core component (Malay Mail, 2017). The global cosmetic products market was valued at US\$532.43 billion in 2017 and is expected to reach a market value of US\$805.61 billion by 2023. The cosmetics or beauty products industry, globally, is one sector which remains impervious to the ups and downs (Reuters, 2018).

Despite the increasing demand towards halal products and services including halal cosmetics and personal care merchandise, the awareness among Muslim consumers towards halal cosmetic and personal care products is still low (Abd Aziz & Wahab, 2010). Che Mohd Hashim and Musa (2014) found that the study of halal awareness towards cosmetics is low as halal is not a priority. Therefore, it is important to learn more about consumer behaviours in Malaysia to understand them better. The study of consumer behaviour in Malaysia is vital when it comes to marketing of halal products (Lada, Tanakinjal, & Amin, 2009). According to AsiaOne.com's (2017) halal cosmetics founder, Hemy Sofrina Halim, the halal cosmetics market is valued at US\$230 billion (RM971.8 billion) and while there is a rising demand, there is a lack of supply in the market.

The halal industry is not limited to food. Halal is a lifestyle that covers everything in the life of a Muslim. Thus, being clean, presentable, and having a good personality is part of being a Muslim in general. It is also important to utilise cosmetic and personal care products which are compliant with shariah law. Information and knowledge about consumer behaviour is essential so that the halal industry in Malaysia will grow according to the forecasted objectives as a halal hub country.

The Global Islamic Finance Report or GIFR (2014) stated that growth in the halal cosmetics market is mirrored by a growth in

consumer knowledge about the ingredients used and product awareness, fuelled by social networks. The primary ground for this huge demand in halal cosmetic and beauty products stems from the demographics of young, religiously conscious, and dynamic professional Muslim population. GIFR has given a meaning to the term new Muslim consumers by referring to the fact that the Muslim world is experiencing a growing number of young Muslims, whereby 60% of the population of Muslim majorities are under 30 years old. This generation is characterized as new Muslim consumers. New Muslim consumers are broadly defined as a generation that embraces an Islamic lifestyle and are becoming more knowledgeable about preserving halal as part of their daily life (GIFR, 2014).

In the scope of halal cosmetics, the concept covers critical aspects of output such as halal ingredients and usage of permissible substances, which must be cooked, stored, packaged, and delivered in conformity with shariah requirements (GIFR, 2014). The beauty and cosmetics industry are expected to increase globally by 8.5 per cent by 2014, according to recent research from the Euro Monitor International, representing one of the few markets that continue to grow despite the global crisis (Euromonitor, 2011). Malaysia is said to be in the forefront in developing standards for the Halal industry that meets international best practices. The Malaysian government in its Third Industrial Master Plan stated that one of the objectives is to make Malaysia as the global Halal hub for the production and trade in Halal goods and services. It is a great potential for developing and promoting halal product and services for the global market, because the increasing of Muslim population

3.2 Muslim market

The Muslim market consists of people that have faith in one God, Allah SWT and the main purpose of existence is to worship Allah SWT. A Muslim is bonded to Shariah law. In order to understand the Muslim market, one must understand what sharia law is. The basically Shariah law has formed the unique feature of Muslim market and mostly the Muslim consumer behaviour. From the western economic perspective, the purchase decision will depend on income, price and preference. It is merely based on the law of demand and supply.

However, in Islamic perspective the purchase decision and consumption are based on the Islamic concept of need and reason of purchasing, the whole process of purchasing and consuming is the matter of Allah. The Islamic concept of needs is the major categories of maqasid al Shariah. Maqasid

al Shariah literally means the objectives of Islamic law. Despite the fact, there are variety of explanation and discussion on Maqasid al-Shariah, this paper will use the definition, adopt the explanation from Lahsana (2013). Objectives of Islamic law are divided into three major categories. It is essential to understand the Islamic concept of needs; thus, the Muslim purchase behaviour is based on this concept.

1. Daruriyyat is refer to the necessities and the essential that people depend on, without them the whole society will be in total disaster, disorder and disruption (Lahsana, 2013). From the Shariah law, daruriyyat must be protected because they are considered as fundamental need of life in mankind.
2. Hajiyyat refers to supporting the needs and interest required in order to have a smooth and decent life (Lahsana, 2013). There will be hardship, but not the extend of extreme as daruriyyat. Example of hajiyyat is breaking the fast during Ramadhan due to sickness.
3. Tahsiniyyat refers to the interest which provide improvement and progress in the moral and spiritual aspect of the Muslim society (Lahsana, 2013). Examples of tahsiniyyat are make oneself beautiful and smell good, table manner and prohibited of selling thing that are dirty (najs).

Based on this explanation, cosmetic and personal care is referred as tahsiniyyat. However, the principle of halal is still the main reference for Muslim in their daily life, thus the need of halal cosmetics and personal care product increase due to awareness and to fulfil their spiritual needs.

4.0 Conclusion

Muslim entrepreneurs play an important role in developing the economy. This paper has discussed the Muslim entrepreneur characteristic which contributes to the Muslimpreneurs success. The role of Muslimpreneurs in the context of Muslim market and halal cosmetic and personal care product is motivated by the needs of the Ummah (society) and fulfil the fardhu kifayah. In Islam, everyone has considered brother and sisters due to sharing the same belief. Muslim entrepreneur must comply with the Shariah law and the main objectives is not merely to gain profit but to achieve reward in the afterlife. The concept of brotherhood makes the business more to obligation to the religious needs.

The involvement more Muslimentrepreneur in the halal cosmetic and personal industry will ensure the halalness of the product and guarantee the implementations of maqasid al shariah.

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