The reality on the ground – placing Indonesian halal cosmetics onto the international pedestal

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Abstract

Purpose: The global halal industry has been making ground over the past decade in every sector of the worldwide economy. Indonesia is not left out in progress, considering its vast potential to develop the halal industry. This empirical study narrows down to the influence of halal labeling in the cosmetic industry as an export driver towards the economy of Indonesia.

Methodology: This study undertakes a mixed-method approach drawing on quantitative and qualitative data. An in-depth face-to-face interview (with social distancing) was held using an interview guide, coupled with a survey questionnaire targeting regulators and manufacturers.

Findings: The findings proved that halal certification, cosmetic quality, and brand image simultaneously affect buying decisions of cosmetics. Meanwhile, the Majelis Ulama Indonesia (MUI) recommends that cosmetics from Indonesia have a great opportunity to export. However, based on the results of interviews with cosmetic companies, they do not understand the concept of Maqashid al Syariah financing, which can integrate with the concept of halal products. Lastly, the cost of halal certification sometimes still burdens small-scale cosmetic companies, so support from the government is needed to encourage them to join the halal certification program.

Originality: The research findings are helpful for the industry and regulators to address the export capabilities of Indonesian cosmetics. It provides an insight into the challenges and practical hindrances within the industry.

Keywords: halal industry, halal cosmetics, export

Introduction

Halal means justified. It is usually used to describe activities that a Moslem is permitted to engage in for eating, drinking, or use. According to Islamic law, the opposite of halal is "*haram*," which means prohibited. The demand for Halal goods and services is not confined to the periphery of Arabs and the Gulf but is palpable worldwide (Memon *et al.*, 2019; Rezai *et al.*, 2012; Sukesti & Budiman, 2014). As a country with the largest Muslim population globally, Indonesia has enormous potential to develop a Sharia economy that is capable of driving global economic growth by presenting halal products. Halal products involve a plethora of goods and services utilized by the public and declared "*halal*" according to Islamic law (Wilson, 2014).

According to Wahyudi *et al.* (2020), the formation of BPJPH (halal product guarantee institution) as a form of implementation of Law Number 33 of 2014 on October 10, 2017, has not

worked optimally in carrying out its functions and authorities as a halal certification agency, so that the existence of the halal product guarantee law can be said to be not ideal and not in accordance with what is aspired in realizing the implementation of halal product guarantees to the public. This issue in the certification process is certainly a separate assessment for business actors. Moreover, the importance of *halal* certification has been realized by Indonesian business actors, especially for those who want their products to advance into the global market. *Halal* certification is pertinent for export because the *halal* certificate issued by Indonesia is not always accepted in another country. Hence, it significantly impacts additional cost and spiraling to higher selling prices. Marzuki & Yahya (2020) postulated that weaknesses, such as incompatibility of certification bodies and manual systems, are obstacles towards *halal* certification by companies to capture the export market. The existence of weaknesses in the halal certification process, such as incompatibility of certification bodies, manual systems, and not yet online, can also be an obstacle for companies to have halal certification for their products for export (Marzuki & Yahya, 2020; Hosen & Lathifah, 2020; Hakim, 2015).

Halal cosmetics are one of the halal products that can be exported to the global market. The posture of the Indonesian cosmetic industry is that around 95% are small and medium-scale industries, and only 5% are large-scale industries. From these medium and large-scale industries, some have even been able to export their products abroad, such as to ASEAN, Africa, the Middle East, etc. (Kemenperin, 2021). Halal cosmetics are cosmetics made from ingredients that comply with Islamic law. The content is free from prohibited animal substances and must be in accordance with Islamic guidance. These commodities must be produced, and their related instruments and raw materials should be solely used for the same purpose and according to Sharia law. Thus, halal cosmetics harmonizes Islamic law, Good Manufacturing Practice (GMP), and halal raw materials (Elasrag, 2016).

According to Thompson's report, halal cosmetics is one of the halal products in Indonesia, which ranks 7th as a player. It can export halal cosmetic products to the international market (Thomson Reuters, 2017). The development of Halal system in Indonesia has progressed quite rapidly. It was followed by the growth of the Halal institution industry in Indonesia, which indicated a relatively rapid development of Islamic economics which experienced significant progress (Radzi & Nordin, 2019). Supposedly, the government grabs this opportunity to support the halal cosmetic industry in Indonesia in terms of integrated regulations, without overlapping interests, and reducing sectoral egos in every authorized agency in halal certification. However, the rapid growth of the Halal eco-system in Indonesia was not followed with the proper socialization, resulting in related institutions focusing on the certification but not on the awareness and understanding of the halal concept based on the principle of "*Maqasid al-Sharia*". The concept of "*Maqasid al Sharia*" principle in Islamic finance depends solely on fairness. However, this concept heavily depends on good corporate governance, fairness, transparency, and accountability (Malini, 2020). *Maqashid sharia* is the heart of *ushul fiqh* science. Therefore, it occupies a crucial position in formulating Halal labeling, its process, and implementation. This concept complements the halal certification that the cosmetic industry has since haleness is not only in product but comes from the process, including code of conduct and ethics (Auda, 2008).

Thus, this research will focus on the process of halal certification in the cosmetic industry, which is the key to positioning halal cosmetics of Indonesia in the global pedestal. Therefore, this study will further analyze the obstacles of companies in the halal certification process and the reasons for the lack of Islamic finance in supporting the halal cosmetic industry for export. The current empirical findings would undoubtedly help regulators and policymakers improve the certification process's efficiency.

Literature Review

Halal Labeling(Certification)

The Halal certificate is a document issued by an Islamic organization (Hanzaee and Ramezani, 2011) as a symbol of quality that assures that the products it covers meet Islamic guidelines

(Ruževičius, 2012). The concern of Muslim's need for halal guaranteed products is responded by the availability of halal certification and competent institutions (Hunter, 2012; Salleh and Hussin, 2013). It aligned with Husin *et al.* (2021), who stated that government officials' halal certification should be enforced to stop the misuse of the halal logo. The originality of the halalness of these products is reflected in the issuance of halal certification, which is the basis for giving halal labels to products. Golnaz *et al.*, 2012; Tieman *et al.*, 2013; Zulfakar *et al.*, 2014; Jabar *et al.*, 2014; Mohamad *et al.*, 2015).

Labeling is a crucial product element that deserves close attention to attract consumers (Kleef & Dagevos, 2015). In general, a label must contain at least a product brand, raw materials, composition additives, nutritional information, expiration date, contents products, and a statement of legality (Newsome *et al.*, 2014). A label can be part of the package or an identification tag attached to the packaging. There are three kinds of labels; first, brand label, where the brand is given to the product or listed on the packaging. Second, a descriptive label, where a label provides information objective regarding instruction. Third, grade label, where a label identifies quality assessments of a product with a letter, number, or word (Mahendra, 2020). Products that have passed the halal certification test by MUI are identified by the presence of a halal label listed on the product packaging (LPPOM MUI, 2018). Labeling allows consumers to evaluate products and make informed choices (Marzuki & Yahya, 2020). The consumers' decision before purchasing or consuming any food product is a function of the quality of food, price, packaging, and labeling (Elasrag, 2016). A study from the International Food Information Council Foundation (2012) in the United States shows that information on food labels influences the decisions of US consumers in buying food products.

According to previous research, there is an influence between halal labels and purchasing decisions on food products (Hamdan *et al.*, 2013) and fast foods (Muslichah and Ibrahim, 2021). It means that halal labels on food deliver positive value and influences consumer buying decisions. Meanwhile, studies by Sukesti & Budiman (2014) posits that halal labeling and prices of Indomie products are related and influence these products' purchasing decisions. Mensah *et al.* (2012) also stated that labels could influence decisions after advertising and prices. Several studies, such as Rezai *et al.* (2012), Suparno (2020), have studied consumers' perception, usage, most sought information, font, and format of labels and concluded the importance of food labels for consumers. Some of these studies have also suggested that labels are not always influential and lack credibility. In addition, there are research gaps regarding halal labels, such as research by Aspan *et al.* (2017) and Lutfie *et al.* (2015). they found that the halal label variable has no significant effect on the purchasing decisions of the cosmetic product.

Cosmetic Quality

According to Schiffman and Kanuk (2007), product quality is the ability of a company to provide identity or feature on each product so that consumers can recognize the product. Product quality is the ability of a product to prove its functions, such as reliability, durability, accuracy, and ease of use (Latiff *et al.*, 2016; Kumar and Anand, 2016; Berryman and Kavka, 2017). The quality of a product can directly impact the product or service's performance so that it is closely related to purchasing decisions (Djekic and Smigic, 2016). According to Suhaili and Darmoyo (2017) and Gulliando and Shihab (2019), product quality impacts purchasing decisions.

Brand Image

Brand image is the result of the consumer's overall perception of the product that comes from the experience of using it in the past (Kathuria and Singh, 2015). Brand image is the subjectivity and emotionality of consumers (Vemula *et al.*, 2014). Consumers who have a positive image of the brand will certainly decide to buy the brand, and vice versa (Ferchaud *et al.*, 2018). Brand image aids a consumer in recognizing his/her needs and wants regarding the brand from other rivals

(Anwar *et al.*, 2011). According to Rindell *et al.* (2011), brand image has a positive and significant influence on purchase behavior. It is in accordance with the research conducted by Latiff *et al.* (2016), Kathuria and Singh (2015), Vemula *et al.* (2014), Kumar and Kapoor (2015), and Ferchaud *et al.* (2018). They proved that brand image influences purchasing decisions..

Price

According to Kotler and Armstrong (2008), price is the amount of money in exchange for a product and service. Price is a determining factor for consumers when making a brand selection to decide on purchases (Niraj and Sanjeev, 2017). Consumers will choose a product at an appropriate price and more affordable than competing products' prices (Huang and Lu, 2016). Consumers do not mind paying more, but the price must be reasonable as well. According to Suhaili and Darmoyo (2017) and Huang and Lu (2016), price influences purchase decisions.

Maqasid al-Sharia

In Islamic finance, the concept of the *"Maqasid al-Sharia"* principle depends solely on fairness. However, this concept heavily depends on good corporate governance, fairness, transparency, and accountability (Malini, 2020). *Maqashid* Sharia is the heart of *Ushul Fiqh* science; therefore, *Maqasid Sharia* is vital in formulating sharia economics and creating Islamic banking and financial products. This concept complements the halal certification that the cosmetic industry has. This *"halalness"* is not only in the product but also comes from the Islamic financing made by the company that uses the principles of *Maqasid al-Sharia*. The minimal interaction of Islamic finance in supporting the halal cosmetic industry needs to be further analyzed. Moreover, strong support from the Islamic ecosystem itself is needed to support the export performance of a halal cosmetic product.

Methodology

This study adopted Sekaran and Bougie's (2016) methodology, in which two models in mixed methods research are sequential and concurrent (simultaneously). The combination of these methods was carried out sequentially at different times. In contrast, the concurrent type of combination was mixed simultaneously by analyzing quantitative data in the first phase and then analyzing qualitative data in the second phase (Creswell 2014).

Data Collection Techniques

This study analyzed the collected data by questionnaire and then conducted interviews with selected respondents to obtain qualitative data. The first stage is a quantitative analysis with 100 respondents using purposive sampling. Interviews were conducted to help analyze and explain the results obtained from document analysis in quantitative data. The next step or second phase is qualitative analysis, primary data collection using interviews with three stakeholders, namely MUI, cosmetic companies, and customers.

Research Paradigm

This study uses an interpretive paradigm and ethnographic methods research approach. The interpretive paradigm views reality as subjective, created, discovered, and interpreted. Rahardjo (2018) stated that the interpretive paradigm views social reality as holistic, inseparable from one another, complex, dynamic, full of meaning, and the relationship between symptoms is reciprocal, not causality. Hence, the interpretive paradigm views social reality as dynamic, processed, and full of subjective interpretation. Regarding human position, the interpretive paradigm views humans as conscious and intentional in acting (intentional human being). The purpose of the interpretive paradigm is to interpret and understand the social phenomenon (Annells, 1996). It is compatible to use in this study to interpret the application of Halal Labeling in the cosmetics industry, similar

to the halal certification research approach conducted by Sueb *et al.* (2020). In addition, the researchers adopted (Creswell *et al.*, 2007) ethnography design. A researcher describes and interprets the patterns of values, behavior, beliefs, and language learned and adhered to by a cultural group. Ethnography is often applied to collect empirical data about society and human culture and solve the community's problems (Spradley, 1997). Data collection is usually done through participant observation, interviews, and questionnaires. This scientific aims to explain the state of the society being studied (for example, explaining someone, an ethnos) through writing..

Table 1. Focus on Ethnographic Research

No	Steps of Ethnographic Interview
1.	Determining Respondent
2.	Having an Interview with respondent
3.	Making Ethnographic note
4.	Delivering Descriptive Questions
5.	Delivering Ethnographic analytic Interview
6.	Making domain analysis
7.	Delivering structural questions
8.	Making Taxonomic Analysis
9.	Delivering contrast questions
10.	Making component analysis
11.	Finding culture themes
12.	Ethnographic writing

Source: Spradley (1997: 181)

Research Instruments

Descriptive statistics are data analysis techniques used to describe the conditions of research variables (Widodo, 2018). This descriptive statistical test provides an overview and description of data so that contextually it can be easily understood by readers. The collected data will be processed in stages in order to support the hypothesis that has been proposed. Multiple regression analysis in this study aims to determine the direction of the relationship between the independent variable and the dependent variable, whether each independent variable has a positive or negative relationship, and to predict the value of the dependent variable if the value of the independent variable has increased or decreased. The general formula for multiple linear regression is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e \tag{1}$$

Information:
Y = Purchase Decision β_1, β_2, β_3 = Regression Coefficient
X_1 = Halal Certification
X_2 = Price
X_3 = Cosmetic Quality

The type of interview used in this study is a semi-structured interview. Researchers used interviews as a research instrument to obtain as much information as possible to analyze research problems. The subjects interviewed by the researcher were customers, the cosmetics company, small and medium cosmetics companies, and regulators (MUI). The interview conducted in this study is an ethnographic interview. According to (Creswell *et al.*, 2007), ethnography is a qualitative design where the researcher describes and interprets the patterns of values, behavior, beliefs, and language learned that a cultural group embraces. Data collection was carried out through participant observation, interviews, and questionnaires (Schensul *et al.*, 1999). This study uses the three types of questions adopted by Longhurst (2003) in conducting ethnographic interviews; descriptive, structural, and contrast questions, included the following:

Table 2. Type of Questions

No	Types of Questions	Questions Example
1	Descriptive question. This type of questioning allows one to collect a sample in the informant's language. Descriptive questions are the most accessible type of question to ask and use in all interviews.	"Can you describe the Importance of Halal Labeling in Cosmetics Product?"
2	Contrast question. Ethnographers can determine what the informants mean by the various terms used in the original language. Contrast questions allow ethnographers to discover the dimensions of meaning used by informants to distinguish various objects and events in their world.	"Is there a difference between cosmetics with Halal Labeling and Non-Halal Labeling?"
3	Structural Questions. Structural questions are used to explore responses to descriptive questions. They are used to understand how the client organizes knowledge.	"Will you buy Cosmetics Products with Halal Certification? (Yes) or (No)"

Source: Longhurst, 2003

Hypothesis Testing

This study uses one of the statistical test tools, namely parametric statistical testing. Parameter testing was conducted by establishing a null hypothesis (H0) and an alternative hypothesis (Ha) to test the significance level. Hypothesis testing in this study used Simultaneous and Partial methods. Simultaneous Test (F test) was used to determine whether all independent variables have the same effect on the dependent variable. The test was carried out using the F distribution test, namely by comparing the critical value of F (F table) with the calculated F value contained in the ANOVA table, meanwhile, the partial test is a test used to test the significance of the regression/partial coefficient. This partial test is used to determine the partial effect between the independent and dependent variables by looking at the t value at a significance level of 5%. T arithmetic is obtained through the help of the SPSS program, namely the coefficients table. In addition, this study also uses the coefficient of determination (R2) which is essentially used to measure how far the model's ability to explain the variation of the dependent variable.

Results and Discussion

Quantitative Phase Result

The data used in this study are primary data obtained from a questionnaire which includes the variable *Halal* Certification, Cosmetic Quality, Brand Image on Buying Decisions. The data presented in the table is obtained from the results of questionnaire processing using the IBM Statistics SPSS 25 program by looking at the frequency of answers given by respondents. This study described respondents' responses based on descriptive statistical tests, including the mean and standard deviation.

Table 3. Descriptive Data

Variabel	N	Minimum	Maximum	*Mean*	*Standar deviation*
Halal Certification	100	14	24	19.10	2.149
Cosmetic Quality	100	15	25	19.04	2.098
Brand Image	100	15	23	18.66	1.965
Buying Decision	100	14	24	19.33	2.323
Valid N	100				

Sumber: Processed Data, 2021

Based on table 4.1, it can be seen that the mean value of Halal Certification is 19.10, and the standard deviation value is 2.149. For the Cosmetic Quality, the mean value is 19.04, and the standard deviation value is 2.098. Meanwhile, for the Brand Image, the mean value is 18.66, and

the standard deviation value is 1.965, and for the Buying Decision variable, the mean value is 19.33, and the standard deviation value is 2.323.

Quantitative Phase Result

The validity and reliability test is carried out to measure the validity and reliability of a questionnaire to match the expected results. The results of the validity and reliability test can be seen as follows:

Table 4. Validity Test Result

Research Variable	Indicator	r	r table	Remarks
Halal Certification	X1.1	0.491	0.196	Valid
	X1.2	0.550	0.196	Valid
	X1.3	0.691	0.196	Valid
	X1.4	0.405	0.196	Valid
	X1.5	0.718	0.196	Valid
Cosmetic Quality	X2.1	0.408	0.196	Valid
	X2.2	0.546	0.196	Valid
	X2.3	0.657	0.196	Valid
	X2.4	0.684	0.196	Valid
	X2.5	0.696	0.196	Valid
Brand Image	X3.1	0.497	0.196	Valid
	X3.2	0.374	0.196	Valid
	X3.3	0.672	0.196	Valid
	X3.4	0.625	0.196	Valid
	X3.5	0.725	0.196	Valid
Buying Decision	Y1.1	0.540	0.196	Valid
	Y1.2	0.574	0.196	Valid
	Y1.3	0.741	0.196	Valid
	Y1.4	0.733	0.196	Valid
	Y1.5	0.774	0.196	Valid

Source: Processed Data, 2021

The results of the SPSS test in table 4 show that the 20 statement items submitted to 100 respondents obtained positive results. Each statement item has a calculated r greater than the r table, which has a value of 0.196. It can be concluded that every indicator on X1, X2, X3, and Y is valid.

Table 5. Reliability Test Result

Variable	Cronbach Alpha Value	Cronbach Alpha	Cronbach Alpha > Cronbach Alpha Value
Halal Certification	0.60	0.609	Reliable
Cosmetic Quality	0.60	0.666	Reliable
Brand Image	0.60	0.623	Reliable
Buying Decision	0.60	0.694	Reliable

Source: Processed Data, 2021

Based on the reliability test results in Table 5, it shows that each variable has a Cronbach Alpha value that is greater than 0.60. So, it can be concluded that each statement item on all variables is reliable.

Multiple Linear Regression Analysis

Multiple linear regression analysis is applied to determine how much the influence of the independent variable has on the dependent variable. This study used this analysis to determine the

effect of the *Halal* Certification (X1), Cosmetic Quality (X2), and Brand Image (X3) on Buying Decisions (Y). The results of data processing using the SPSS 25 program are as follows:

Table 6. Multiple Regression Analysis Results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	2.158	1.450		1.488	.140
Halal Certification	.230	.159	.213	1.445	.152
Cosmetic Quality	.260	.181	.235	1.440	.153
Brand Image	.419	.201	.355	2.090	.039

a. b. Dependent Variable: Y
Source: Processed Data, 2021

From the results of the data processing above, it can be obtained the multiple linear regression equation as follows:

$$Y = 2.158 + 0.230X_1 + 0.260X_2 + 0.419X_3 + e \qquad (2)$$

Based on the results of the multiple linear regression equation above, it can be interpreted as follows:

1. The constant value (α) is 2.158, meaning that if the *Halal* Certification (X1), Cosmetic Quality (X2), and Brand Image (X3) variables are worth 0, the value of the cosmetic Buying Decisions variable (Y) is 2.158.
2. The *Halal* Certification (X1) coefficient obtained from the $\beta1$ value is 0.230, meaning that if *Halal* Certification (X1) variable has increased by 1 unit, the Buying Decisions variable (Y) of cosmetic variables from the model regression are fix.
3. The Cosmetic Quality (X2) coefficient obtained from the $\beta2$ value is 0.260, meaning that if Cosmetic Quality (X2) variable has increased by 1 unit, the Buying Decisions variable (Y) of cosmetic has also increased by 0.260, assuming that other independent variables from the model regression are fix.
4. The Brand Image (X3) coefficient obtained from the $\beta3$ value is 0.419, meaning that if Brand Image (X3) variable has increased by 1 unit, the Buying Decisions variable (Y) of cosmetic has also increased by 0.419, assuming that other independent variables from the model regression are fix.

Hypotesis Test

Partial test (T Test)

Table 7. T test results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	2.158	1.450		1.488	.140
Halal Certification	.230	.159	.213	1.445	.152
Cosmetic Quality	.260	.181	.235	1.440	.153
Brand Image	.419	.201	.355	2.090	.039

Source: Processed Data, 2021

Based on table 7, the results show that the significance probability value of Halal Certification (X1) is 0.152 > 0.05, meaning that the Halal Certification (X1) variable partially has no positive and significant effect on Buying Decisions (Y) of cosmetics. In other words, Ha is

rejected, and Ho is accepted. These results aligned with the research conducted by Aspan *et al.* (2017) and Lutfie *et al.* (2015), finding that the halal label variable has no significant effect on the purchasing decisions of the cosmetic product. The weak level of awareness of halal among the public and the circulation of cheap cosmetics without halal labels are factors that cause halal labels/certifications not to be considered in consumer decision-making. Factors that cause low public awareness to buy and consume halal products, one of which is triggered by the perspective itself, halal is only seen from an obligation, not as a necessity (Zuraya, 2016).

The significance probability value of Cosmetic Quality (X2) is 0.153 > 0.05, meaning that the Cosmetic Quality (X2) variable partially has no positive and significant effect on Buying Decisions (Y) of cosmetic or Ha is rejected, and Ho is accepted. These results support Rawung *et al.*'s (2015) finding that the product quality variable does not affect purchasing decisions. Furthermore, the significance probability value of Brand Image (X3) is 0.039 < 0.05, meaning that the Brand Image (X3) variable partially has a positive and significant effect on Buying Decisions (Y) of cosmetics. This finding supports the results of a study conducted by Vemula *et al.* (2014), Kathuria and Singh (2015), Latiff *et al.* (2016), Kumar and Kapoor (2015), and Ferchaud *et al.* (2018). Consumers can more easily accept products with a good brand image to influence consumer behavior in determining choice.

Simultaneous Test (F Test)

Table 8. F Test Result (Simultaneous Test)

ANOVA[a]					
Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	319.120	3	106.373	47.499	.000[b]
Residual	214.990	96	2.239		
Total	534.110	99			

Source: Processed Data, 2021

Based on the results of the f test in table 4.8, the significant probability value is 0.000 < 0.05. So it can be concluded that Halal Certification (X1), Cosmetic Quality (X2), and Brand Image (X3) variables simultaneously have a significant effect on Buying Decisions (Y) of cosmetics. In other words, Ha is accepted, and Ho is rejected.

Simultaneous Test (F Test)

Table 9. Determination Coefficient Test Results (R^2)

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.773[a]	.597	.585	1.496

Source: Processed Data, 2021

From table 9, it can be seen that the r-square (R2) value is 0.585. It shows that the influence of the independent variables, which are *Halal* Certification (X1), Cosmetic Quality (X2), and Brand Image (X3), on the dependent variable Buying Decisions (Y) of cosmetic is 58,5%, while other variables outside this research model influence the rest 42.5%.

Qualitative Phase Result

In this qualitative phase, the main interview questions were based on a relevant literature review to get in-depth information about halal certification, price, and cosmetic quality. Questionaire focused on halal cosmetics and the interviews were carried out for about 45 minutes. The results of the interview in open questions were summarized as follows:

Table 10. The Ethnographic Interview

Variable	Type of Questions	Questions	Answer
Halal Certification	Descriptive Questions	Have you understood the meaning behind Halal Labeling?	
	Structural Questions	Will you buy Cosmetics Products with Halal Certification? (Yes) or (No)	
		Based on your religion perspective? Does it important to have Halal Labeling in Cosmetics?	
	Contrast Questions	What are the major differences between Halal label and non-Halal Label cosmetics based on your observation?	
Price	Descriptive Questions	How is your price assessment of cosmetics products with Halal labeling?	
	Structural Questions	How much money do you spend monthly for Cosmetics products?	
		Will you buy expensive Halal Cosmetics Products? (Yes) (No)	
	Contrast Questions	Based on your experience, are Cosmetics products with halal label more expensive than foreign cosmetics products?	
Cosmetic Quality	Descriptive Questions	Have you completely understood the ingredients in a cosmetic that you use?	
	Structural Questions	Are you seeking advice from family members or friends when you want to buy cosmetics products?	
		Will you buy foreign products although it is without Halal label?	
	Contrast Questions	Based on your understanding, do cosmetics products with halal labels offer a good quality compared to foreign cosmetics products?	

Halal Certification

Table 11. Halal Certification

Respondent	Explanations
Halal Institution	The inclusion of the halal label in cosmetics is essential not only for consumers but also for producers. This halal label in cosmetics aims to provide a sense of security for consumers and guarantee that the cosmetics they consume are safe from non-halal elements and produced in a halal and ethical manner. For producers, halal label in cosmetics builds consumer trust and loyalty towards their products. Cosmetics that are certified halal also have higher competitiveness than products that do not include halal labels.
Cosmetics Company	Giving halal labels to products, more or less, will reduce consumer doubts regarding the halalness of the cosmetics. The halal label on the cosmetics packaging will make it easier for consumers to identify products. Consumers need to be more selective towards the halalness of cosmetics, especially for female consumers who always consume cosmetics to increase self-confidence in appearance. That matters because cosmetic products declared halal tend to be safer and avoid hazardous substance content. The concept of Maqashid al Syariah is not well known by the company and has not clearly understood its correlation with halal cosmetic certification.
Consumer	Has trusted the government, which has guaranteed halal products on the market. Moreover, the product has been widely circulated, and there have even been advertisements in the mass media. We just believe that the manufacturer has done a valid permit in terms of Halal certification.

Table 11 shows an ethnographic interview of three respondents from government institutions (MUI), cosmetics companies, and consumers. The interview result showed that the government aimed to provide a sense of security for the consumer with Halal certification. Halal certification is compulsory for cosmetics products. However, we can still find a cosmetics product without Halal labeling on the market. On the other hand, halal labeling is something they want to pursue from the cosmetics company. However, the process of gaining the halal label is becoming are expensive. Of course, the unaffordable costs, the lack of socialization of halal certification with new procedures, and the lack of explanation of the correlation of the Maqashid al-Sharia concept are problems, especially for small and medium cosmetic companies. For the customer side, halal label is something they are not aware of when choosing cosmetics products since the customer is confident that cosmetics product in the market already has Halal Labeling due to government regulation. This lack of awareness is due to a lack of socialization process that leads to harmful cosmetics products on the market.

Price

Companies that have products at affordable prices for consumers are adjusted to good product quality it will have an impact positive on purchasing decisions. When consumers decide to buy a product, then the consumer has to pay a predetermined amount and finally get the benefits of the product.

Table 12. Price

Respondent	Explanations
Halal Institution	In carrying out its duties and functions, LPPOM MUI does quote financing from companies that apply for halal certification, with the amount and scheme that has been agreed upon by the company as outlined in the contract, so it is voluntary. LPPOM MUI halal certification costs include, among others, registration fees, audit fees, laboratory analysis (if laboratory analysis is required), as well as costs for socialization and halal education.
Cosmetics Company	The cost of Halal Certification is still considered expensive, so that it is burdensome for cosmetic companies, especially those with small and medium scale enterprises. Therefore, the cost of halal certification will ultimately be borne by consumers. When cosmetic prices become expensive, consumers tend to choose cosmetic products from outside.

The importance of pricing plans for companies should consider several things carefully in every decision in the matter of price. The company gets the most appropriate price because it can provide a profit best in the long and short term. If the company sets the wrong price, this can cause difficulties in the company and cause failure within the company. From the interview, we can interpret that cosmetics with Halal certification can be viewed as a cost burden for growing small and medium enterprises in Indonesia. Halal certification costs include, among others, registration fees, audit fees, laboratory analysis (if laboratory analysis is required), as well as costs for socialization and halal education. Currently, cosmetic growth in Indonesia reaches 9.39% and contributes 1.92% to GDP (Ministry of Industry, 2020). Each cosmetics company is fighting for market share, and the one thing they can control is not only the quality of their cosmetics but also the price. Therefore, halal certification can be classified as one of the costs in operationalization and can impact the price of a product. In addition, it can be interpreted if micro, small and medium cosmetic companies do not understand financing using the *Maqashid al-Syaria* concept, which should be integrated into the concept of halal cosmetic products (Table 12).

Cosmetics Quality

In terms of cosmetics, product safety is one of the biggest concerns of legal administrations, consumers, manufacturers, and procedures for obtaining Halal administration. Indeed, manufacturers are responsible for ensuring that every product sold is safe for consumers. It also determines brand credibility and product quality.

Table 13. Cosmetics Quality

Respondent	Explanations
Halal Institution	Consumers in Indonesia are protected by the government, namely LPPOM MUI (Institute for the Assessment of Food, Drugs and Indonesian Ulema Council Cosmetics). This entity will research, review, analyze, and decide whether the products of good food, medicines, and cosmetics are safe for consumption in terms of health and sharia. It means that the products are halal or permissible to be consumed by consumers in the territory of Indonesia. In addition, this entity also provides recommendations, formulates provisions and guidances for society. Based on these provisions, every producer should register their products to LPPOM MUI. If the products are then registered as halal, they will be given halal certification. After that, the producer can put a halal label on the product packaging so that consumers will feel safe to use the cosmetics in the market.
Cosmetics Company	Labeling provides a special attraction for marketing to offer its products and becomes part of consumer purchasing preferences. Then, consumer interest can bring confidence to marketers related to the expected output in the form of profit, which ultimately impacts the company's financial performance as a whole. However, not all Muslims understand the halal concept because they assume that when a product has been advertised and is considered useful, it is declared safe, which must be understood as safe, not necessarily halal.

From these interviews (Table 13), we can confirm that the quality of cosmetics that have been certified halal is guaranteed to be safe. Because, in the MUI audit process, the ingredients used to produce cosmetics are checked. If they are used for halal cosmetics, all ingredients must be checked and must conform to halal requirements (Hashim and Mat Hashim, 2013). Further, halal products have been perceived as hygienic and high-quality products, even by non-Muslim customers (Abd Rahman *et al.*, 2015). They have gained a reputation for being healthy and safe partly because of strict supervision required in the manufacturing practices and public health standards associated with halal certification (Annabi and Ibidapo-Obe, 2017; Mohezar *et al.*, 2016).

Conclusion

This study explored the influence of halal labeling in the cosmetic industry as an export driver in Indonesia. It was reviewed from two perspectives; consumers as cosmetic users and companies, halal certification institutions (BPJPH and MUI), as parties related to product manufacture and halal certification guarantees. The key contribution of this research is the findings that the lack of awareness of halal among consumers, the existence of cost constraints in the issuance of halal certification for small and medium scale cosmetic companies, and the lack of company knowledge about the Maqashid al-Sharia financing concept could decrease the export of Indonesian cosmetic products.

More specifically, our findings suggest that halal label and cosmetic quality have no partial effect on purchasing decisions with a significance value of 0.152 (> 0.05) and 0.153 (> 0.05). The low awareness of halal among the public and the circulation of cheap cosmetics without halal labels

may cause halal labels/certifications not to be considered in consumer decision-making. While brand image variable partially has a positive and significant effect on buying decisions of cosmetics with a significance value of 0.039 (< 0.05). Meanwhile, in the simultaneous test, halal certification, cosmetic quality, and brand image variables significantly affect buying decisions of cosmetics.

Based on the results of interviews with the Majelis Ulama Indonesia (MUI) as an institution that plays a role in halal certification and cosmetic companies, it can be concluded that cosmetics from Indonesia have a great opportunity to be exported. Majelis Ulama Indonesia (MUI) has guaranteed that cosmetics that get halal certification are free from harmful ingredients and animal abuse because all of these criteria are regulated in Islamic sharia rules. However, based on the results of interviews with cosmetic companies, they do not understand the concept of Maqashid al Syariah financing, which can be integrated with the concept of halal products. In addition, the cost of halal certification sometimes still burdens small-scale cosmetic companies, so support from the government is needed to make the halal certification program a success to encourage cosmetic companies from Indonesia to export to international markets.

Recomendations

Based on the discussed results, the authors could provide recommendations as follows:
1. The researcher recommends that every institution related to the halal guarantee system reduce their sectoral ego so that a similar synergy is achieved to encourage Indonesian cosmetic companies to export to other countries.
2. The government as the policyholder should carry out intensive socialization of small and medium-scale cosmetic companies, especially in education about halal literacy. Thus, the available halal system does not only provide halal certification but also a solid foundation regarding the halal assurance system. The socialization from BPJPH as the government's official halal institution must be synergized with other institutions that have interests such as the Indonesian Ulema Council (MUI), halal auditors owned by each university, as well as private halal auditors. The socialization must include procedures for issuing halal certification through BPJPH (because previously there was a change from MUI to BPJPH) and explanations on halal audit institutions that can be chosen independently by companies (especially socialization on Minister of Finance Regulation Number 57/PMK.05/ 2021 about Service Tariffs of Public Service Agency for the Implementation of Halal Product Assurance at the Ministry of Religion). The researcher also suggested that the government build an integrated, one-door halal certification system that uses digital technology to make it easier for registrants.
3. Regarding the cosmetic companies, researchers encourage companies to implement a halal guarantee system on raw materials, manufacturing procedures, and financing to comprehensively implement the halal concept. Companies can apply the Maqashid al Syariah concept to build trust from consumers because this concept directs companies to be transparent, honest, and implement good corporate governance. In addition, companies can also voice their need to obtain halal certification assisted by the government through relevant agencies such as BPJPH.

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