The Implementation of MS1900:2005 Shariah-Based Quality Management System: A Case Study at SIRIM Berhad

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ABSTRACT: *Malaysian Standard (MS) 1900:2005 is known as the standard specifies requirements for a shariah compliant Quality Management System. It ensures that an organisation is managed in accordance with universally accepted values such as justice, honesty, truthfulness, sincerity, timeliness and discipline. It also ensures that the halal and non-halal aspects of all processes necessary for the delivery of products and services are effectively identified, communicated and implemented. In 2008, only five companies have been awarded the MS1900:2005 and another ten organizations have received in 2011. Currently, according to Malaysian Certified, there are 29 organizations that have received the MS1900:2005 from SIRIM Berhad. The increasing numbers show the significance of utilizing Islamic principles in the business organizations. The aim of study is to understand of why and how business organizations making strategy towards achieving MS1900:2005.*
KEYWORDS: *Quality Management System, MS1900:2005, ISO 9001*

I. INTRODUCTION

Malaysia is acknowledged by other Islamic countries and referred to as being the most developed and progressive Islamic country in regards to administration, economics and social development. As a Muslim-majority country, Malaysia is heading further by introducing and implementing MS1900:2005, a Quality Management System from Shariah perspective. MS1900:2005 is developed using ISO 9001 as its base. MS1900:2005 is a structured system to assist organizations in delivering products and services that meet customer's requirements, as well as regulatory requirements and the dictates of Shariah. The Shariah requirements are included as an addition to the requirements of ISO 9001 and aim to close the gap that exists in the ISO 9001 standard in relation to the Islamic perspective At present, MS 1900:2005 has three objectives that is :

i. To inculcate Shariah requirements into quality management practices with an emphasis on value-based management.

ii. To enhance the level of effectiveness and efficiency through the practice of universal good conduct at all levels of the organization.

iii. To enhance the level of Shariah compliance and confidence among Muslims and stakeholders.

The value of MS1900:2005 is universal and although its compliance is from Islamic perspective, its universal value can be accepted by all including the non-Muslim like improving work quality and performance, proper and timely delivery. All of these are not in conflict with universal values and general features of the other religions. On top of that, there are lists of three reasons of having this standard to a company. These are benchmarking, ensuring uniformity and growing the organization. However, the reason of standard obtainment would be subjective in regards to the organization's motives.

II. LITERATURE REVIEW

The MS1900 implementation process can be carried out by integrating five steps in the ISO 9001 implementation process with the Shariah elements embedded in MS1900 requirements. According to Siti and Ilhaamie (2011), there are five steps of implementation process in MS1900:2005 such as :

1. Understanding The Standard

The understanding of MS1900:2005 must be ensured prior to its implementation. As such, training in regards to MS1900:2005 must be emphasized. All top managers, middle managers and employees that are working for the organization must be given sufficient training on halal and non-halal aspects of processes,

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products and services. For management representatives, training is imperative as it explains to them about quality planning, quality control and improving the whole system of MS1900:2005. For middle managers and operational workers, training is crucial as it familiarizes them with the implementation stage of MS1900:2005.

2. Documentation

As stated in MS1900 requirements, the managers should identify and documents procedures that require Shariah compliance in a manual. The managers should ensure that the content of all documents must be sufficient to substantiate Shariah compliance. The placement and storage of documents that contain Quranic elements must be observed. It must be located carefully and put in a place that is safe, hygienic and respectful.

3. Demonstrate Commitment

The requirements of the customers must be Shariah compliant. Therefore, any customer requirements that are not Shariah compliant cannot be fulfilled by organizations that want to obtain MS1900 certification. MS1900 also states that the management should consider Shariah requirements in financial management, human resource management, procurement procedures, production and marketing. In this case, the managers have to ensure that organizations are not involved in financial transactions that are prohibited in Islam. Therefore, financial transactions that involve *riba* (interest) must be avoided.

4. Quality Policy

The management should ensure that the quality policy is Shariah compliant. As such, any quality policy that is not Shariah compliant must be avoided. The quality policy must be formulated vigilantly to ensure that it complies with Shariah requirements. In addition, organizations that are involved in both *halal* and non-*halal* activities should establish a separate set of quality objectives for their *halal* operation. The quality objectives for *halal* operation are very important as it gives a clear direction for the *halal* operation.

5. Audit and Review Performance

The managers should monitor that the processes and products are continuously comply with Shariah as stated in MS1900 requirements. The managers should also ensure that Shariah noncompliant products should not be approved for the next process of delivery. This preventive action is essential to ensure that only Shariah compliant products will reach customers. The MS1900 requirements stipulated that for any non-compliant product that is erroneously delivered, the managers should take the necessary steps to recall and stop the consumption of the affected product. This corrective action is important to stop the consumption of non-compliant products by customers. This step is very important to demonstrate to the customer that the organization has made a serious effort to correct the mistake that occurred.

As mentioned by Hanida (2013), MS1900:2005 is developed based on ISO 9001:2008. The main idea of MS1900: 2005 is a structured system to assist organization to deliver products and services, meeting customers' requirements, compliance to regulatory requirements and comply with the Shariah requirements. In addition to that, MS1900: 2005 inculcate and put into practice the Islamic values system into the organization daily operations.

There are three principles behind MS1900:2005. Organization shall strictly adhere to the principles of halal and haram as well as the principles of Muamalat. The implementation of MS1900:2014 also ensures an organization to operate based on the "objective of Shariah (*maqasid al-shariah*)". One of the requirements stated in the standard is compliance to Shariah requirements in financial management, human resources management, procurement procedures, production and marketing.

As stipulated in the MS1900:2005 standard, there are some requirements under resources. On the provision of resources, the organization shall ensure all resources are Shariah compliant in their characteristics as well as the procurement process. With respect to financial resources, the organization shall determine its commitment to Shariah compliant. The standard is clearly stated that all resources should be Shariah compliant including human resources, infrastructure and the working environment.

According to Bernama, in 2008, five companies have been awarded the MS1900:2005. They are Natural Wellness Sdn Bhd, Century Total Logistic Sdn Bhd, Takaful Ikhlas, PNB Darby Park and Pusat Zakat Melaka. In 2011, another 10 organizations have received this standard. They were Syarikat PNB Ilham Resort, Universiti Sains Islam Malaysia (Jabatan Pembangunan dan Pengurusan Fasiliti), Universiti Tenaga Nasional Sdn Bhd (UNITEN), Penang Port Sdn Bhd, Jabatan Kehakiman Syariah Perak, Kolej Komuniti Gerik, Sindora Berhad, Tabung Baitulmal Sarawak, Jabatan Wakaf, Zakat dan Haji and KFC Manufacturing Sdn Bhd (Group Logistic Division). Currently, according to Malaysian Certified, there are 29 organizations that have received the MS1900:2005 from SIRIM Berhad.

III.   FINDINGS
This section explains the Quality Management System (QMS) from Shariah perspective. MS1900:2005 is developed using ISO 9001 as its base and incorporated Shariah requirements. The MS1900:2005 idea was mooted by Tun Ahmad Sarji in 2003. During that time, he was the former chairman of SIRIM Berhad. He said the beginning of MS1900:2005 is because the absence of standard base on Islamic guidelines that could be as a yardstick to evaluate the efficiency of the organization. He started with the development of Industrial Standards Committee for Halal Standard (ISC I). The aim of ISC I to develop *halal s*tandard in management for food and non-food products. Tun Ahmad Sarji asserted that the significance of MS1900:2005 is to focus on Islamic values and to ensure the continuous company's quality and service. In addition to the existing MS1900:2005, Shariah requirements are being incorporated where applicable.

- Management Responsibility
  The management responsibility element comprises the requirements for developing and improving the quality system, listening to the customers, formulating quality policy, planning, defining responsibilities, authorities and communication processes to facilitate effective quality management. The management shall ensure that the requirements of the customers are Shariah compliant. Organizations that are involved in both *halal* and non-*halal* activities shall establish a separate set of quality objectives for their *halal* operations. The management should take seriously into consideration of Shariah requirements in financial management, human resource management, procurement procedures, production and marketing.

- Resource Management
  This element comprises the requirements for managing both human and infrastructural   resources in order to implement and improve the Quality Management System (QMS) and to address customer satisfaction. With respect to financial resources, the organizations shall determine its commitment to Shariah compliance. The organizations shall ensure that personnel working for and on behalf of the organization shall be given sufficient training in *halal* and non-*halal* aspects of processes, products and services. The café of the organization shall provide *halal* foods and beverages. Non-*halal* items shall be isolated to avoid any cross-contamination. The organization shall also provide and maintain adequate and proper infrastructure such as a separate prayer room.

- Product Realization
  It includes the specific requirements for the product realization process, which involves identifying customer requirements, reviewing product requirements, communicating with customers, designing and developing products, purchasing, producing or delivering services and controlling measurement and monitoring devices. The organization shall ensure that all requirements related to the product, as specified by the customer are Shariah compliant. All work instructions on the production and preparation of *halal* products are well-documented and made available to the relevant employees. Dedicated equipment and assembly lines used in the production, preparation, handling and storage of non-*halal* products shall not be reused for the provision of *halal* products.

- Measurement, Analysis and Improvement
  According to Quality Management System (QMS) requirements, this part contains the requirements for monitoring information on customer satisfaction, measuring and monitoring products and processes, managing internal audits, non-conformity detection and improvement actions. The organization shall monitor the continuous compliance with Shariah of the process and product. Products that do not comply with Shariah shall not be approved for the next process or delivery. For any non-compliant product that is erroneously delivered, the organization shall take the necessary steps to recall and stop the consumption of the affected product. The organization shall collect and analyze appropriate data to demonstrate the Shariah compliance of the QMS and to evaluate continual improvement of the effectiveness of the system.

IV.   CONCLUSION
As discussed, a number and of issues and challenges arise from this study that could lead to opportunities not only for potential applicants but to the society. SIRIM Berhad is very passionate about MS1900:2005. They strategically plan and at the same time manage marketing of MS1900:2005 and collaboration with respective party to ensure the sustainability of the standard. The following are several lessons that could be learned from this case which include i) career opportunity, ii) paradigm shift, iii) enhancement in Islamic banking and finance, iv) external reviewer among academia, v) room for improvement.

Shariah elements were synchronized into the existing ISO 9001 in order to establish the first ever Islamic Quality Management System (QMS) which is MS1900:2005. The system does not only help

organizations to improve their management system, but also enables organizations to practice management systems that follow with Shariah and Islamic obligations. The model proposed should be followed by managers so that MS1900:2005 can be implemented effectively. This is crucial to ensure that the implementation of MS1900:2005 will bring benefit to organizations. Following Shariah obligations will lead to many benefits to organizations such as obtaining Allah's blessing, market growth, increasing public trust, increasing confidence of Muslim customers, enhancing Islamic quality culture and improving organization management.

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