Considerations of the Malaysian Standards Council in Setting Quality Standards Malaysian Standards (MS1900:2005)

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ABSTRACT

This study provides an overview of the Malaysian Standards Council's considerations in establishing the quality standard Malaysian Standard 1900 (MS 1900, p. 2005). MS 1900 is a structured system that helps organizations to provide products and services that suit customer requirements based on Sharia regulations and requirements. This system was launched in 2005 and aimed to complement the ISO 9001 standard concerning an Islamic perspective. To obtain this MS 1900, the organization must go through a process of quality audit and sharia audit. Various kinds of literature were reviewed, focusing on the Malaysian Quality Management Standard MS 1900:2005. This research found that the Sharia elements were synchronized into the existing ISO 9001 to establish the first Islamic quality management system, MS 1900:2005. MS 1900:2005 helps organizations improve their management systems and enables them to implement management systems per Shariah and Islamic obligations. The proposed model should be followed by managers so that MS 1900:2005 can be implemented effectively.

Keywords: Islamic quality management, MS 1900:2005, Malaysia.

INTRODUCTION

Along with the development of the business world in the era of globalization, it is triggering global competition between companies. Furthermore, consumers are becoming increasingly aware of and expect quality. Consequently, the industrial sector is developing its competencies to achieve success. As a solution, standardization then becomes essential. The implication is that the company's products must meet industry, consumer and government quality standards. One standard that illustrates a company or institution has excellent service is a certificate from the International Organization for Standardization, known as ISO (Aristian, 2017).

The potential benefits of an organization implementing a quality management system based on International standards are the ability to consistently provide products and services that meet customer needs and applicable legal and regulatory requirements, facilitate opportunities to increase customer satisfaction, manage risks and opportunities related to its context and objectives, as well as the ability to demonstrate conformity to specified quality management system requirements. (Cognoscenti, 2017)
From Figure 1, it can be seen that the ISO 9001 quality management system standard is indeed something that is considered relatively new in Indonesia. However, due to the community's demands and the existing conditions, the development of this application in organizations in Indonesia has shown quite significant numbers. Furthermore, this standard has become familiar, and an organization recognizes its benefits. (Azmi, 2011)

Initially, this standard was only considered market demand (market driven), but its development has provided a lot of added value for companies that implement it. ISO quality management system standards impact both in the short and long term and have tactical or strategic applications, such as increasing productivity, efficiency, reducing costs, and increasing customer satisfaction.

Several Islamic standards have been developed by Muslim scientists, quality experts, business professionals and industrialists, including MS 1900:2005, a standard issued by the Malaysian Standards Department. This standard was developed from ISO 9001 by adding three Sharia components, namely Aqidah (belief), morals (behaviour) and fiqh (interaction between humans, environment and law).

Malaysia is recognised by other Islamic countries and is called the most advanced and progressive Islamic country in terms of administration, economy and social development. Malaysia is also known internationally as one of the few Islamic countries that has introduced and established an Islamic financial system. In 2005, Malaysia created history again when it launched the world's first Islamic Quality Management System, namely MS 1900, from an Islamic perspective. Currently, MS 1900 has three objectives, namely: (Khalidah, 2014). It is first embedding Sharia requirements into quality management practices emphasising value-based management. Second, increase effectiveness and efficiency through universal good behaviour practices at all levels of
the organisation. Third, increase the level of Sharia compliance and trust among Muslims and stakeholders. (Rehat, 2016)

Based on the results of research conducted by (Rehat, 2016), it was found that MS 1900: 2005, which is based on Islamic guidelines on quality work, has become a benchmark for evaluating the efficiency of activities carried out by organizations in terms of quality management systems, management responsibility, resource management, product realization, measurement, analysis and improvement management.

From an Islamic perspective, the quality management system is a new field to be explored and may become a standard that will create another competitive advantage for an organization. Thus, every company needs a quality audit to measure the company’s performance and how a company can compete by looking at the outcome aspect. The results of the efficiency and effectiveness of a company can be measured by input, output and outcome.

The Malaysian MS 1900 standard was developed to ensure that an organization is managed according to the principles and practices of the Shari'ah quality management system. This standard requires organizations to identify Shariah control points throughout their process, guided by the principles of halal and haram and the principles of muamalat (transactions). This standard also incorporates a framework of core organizational values for good governance. (Khalidah, 2014).

MS 1900 was developed using ISO 9001 as its basis. MS 1900 is a structured system to assist organizations in delivering products and services that meet customer requirements, regulatory requirements and Shariah directives. The Shariah requirements are included in addition to the ISO 9001 requirements and aim to close the existing gaps in the ISO 9001 standards concerning an Islamic perspective (Long, 2008).

Implementing a Sharia-based quality management system must be a strategic decision for an organization. The design and implementation of an organization's quality management system are influenced by various needs, specific goals, the products provided, the processes used and the size and structure of the organization (Khalidah, 2014). From the description of the background of the problem above, it can be drawn the main problem which will be the formulation of the problem in this writing, namely, what are the Considerations of the Malaysian Standards Council in Setting Quality Standards for Malaysian Standards (MS 1900:2005)?

**METHOD**

This study uses a qualitative method. The approach used in this research is descriptive and literature study. A descriptive approach explains the Malaysian Quality Management Standard MS 1900. Furthermore, a literature study approach is used as a source of study documents.

**RESULT AND DISCUSSION**
ISO 9001 Overview

ISO is an International Standard directing and controlling an organization to achieve its goals issued by the International Organization for Standardization. An independent, non-governmental organization, the largest international standard developer in the world, formed by national standard bodies from 156 countries. ISO is the world federation of national standards bodies. (Aristian, 2017)

ISO 9001 is an International standard for Quality Management Systems (QMS). Management systems use to direct and control the organization in terms of quality. Quality Management means what an organization does to ensure that its products or services meet customer quality requirements and comply with regulations that apply to products or services. (Aristian, 2017)

The international standard managing organization is the International Organization for Standardization, headquartered in Geneva–Switzerland, founded on 23 February 1947. Now it has more than 147 member countries, each represented by the National Standardization Body (KAN represents Indonesia) (Aristian, 2017). The need to order various national quality standards on an international scale emerged in the 1970s (Jodkowski, 2015).

Adopting a quality management system is a strategic decision for an organization that can help it improve its overall performance and provide a solid foundation for sustainable development initiatives. The potential benefits of implementing a quality management system based on international standards are fourfold. First, the ability to consistently provide products and services that meet customer needs and applicable legal and regulatory requirements. Second, facilitate opportunities to increase customer satisfaction. Third, address the risks and opportunities related to the context and objectives. Fourth is demonstrating compliance with the specified quality management system requirements. (Cognoscenti, 2017)

This International Standard uses a process approach incorporating the Plan-Do-Check-Act (PDCA) cycle and risk-based thinking. The process approach moves an organization to plan its processes and interactions. The process approach in the quality management system ensures consistent understanding and fulfilment of requirements, understanding of processes in terms of adding value, achieving effective process performance, and improving processes based on data and information evaluation results. (Ibrohim, 2015)

MS 1900:2005 International Standard Description

MS 1900 was developed using the ISO 9001 framework, a version of ISO 9001, and was the first of its kind worldwide. This Islamic version of the quality management system focuses on creating what can be called a Sharia-based quality management system. It does not mean that ISO 9001 is not following Islam. However, it is not very comprehensive if implemented by an Islamic organization or body, with most workers and clients consisting of Muslims. (Khalidah, 2014)
MS 1900 is an Islamic Quality Management System (QMS) launched by the Government of Malaysia in 2005. It is a structured system to assist organizations in delivering products and services that meet customer needs and Sharia's regulatory requirements and injunctions (Islamic injunctions). The Shariah requirements are additional to the ISO 9001 requirements and aim to close the gap between the ISO 9001 standards and an Islamic perspective. (Hasliza, 2017)

MS 1900 integrates Islamic values into ISO 9001. Although it was founded based on the ISO 9001 framework, MS 1900 is unique in that it has Islamic terms such as Sharia Compliance, Fiqh Council, Sharia Advisory Committee, Sharia Compliance Unit, Halal, Quran, Hadith, Sunnah, Al-Ijma' dan Fatwa. This standard's quality management system requirements complement the requirements for halal products. This standard can be used by internal and external parties, including certification bodies, to assess an organization's ability to meet sharia, customer, regulatory and organization requirements.

**MS 1900 Implementation Process**

Basir & Azmi (2011) developed a model for the implementation of MS 1900 and demonstrated a theoretical model that includes three components, namely the implementation step for the requirements of ISO 9001, Shari'ah in MS 1900, and the principles of MS 1900. They suggest that the basis of MS 1900 is ISO 9001. Organizations wishing to obtain MS 1900 certification must first implement ISO 9001. The ISO 9001 implementation process involves 13 steps and must be integrated with the Shari'ah elements embedded in the MS 1900 requirements. (Azmi, 2011)

They also outline five steps in the ISO 9001 implementation process that can be integrated with Sharia elements, namely understanding the quality system, preparing documentation, demonstrating commitment, clarifying policies regarding quality, and performing audits and reviews. The MS 1900 implementation process can be carried out by integrating the five steps in the ISO 9001 implementation process with the Sharia elements embedded in the MS 1900 requirements. The five steps are explained below. First, Understanding MS 1900. Understanding of MS 1900 must be ensured before implementation. Thus, training on MS 1900 should be emphasized. All top managers, middle managers and employees working for the organization must be provided with adequate training on halal and non-halal aspects of processes, products and services.

Training is essential for management representatives because it explains quality planning, quality control and improvement of the MS 1900 system. Training is essential for middle managers and operational workers because it relates to the implementation stage of MS 1900. Second, Documentation. As stated in the requirements of MS 1900, managers must identify and document procedures requiring Shariah compliance in the manual. Managers should also ensure that the contents of all documents are sufficient to support Shariah compliance. Even so, the placement and storage of documents containing elements of the Koran must be considered. Therefore, documents containing elements of the Koran must be placed carefully and stored in a safe, hygienic and respectful place.
Third, show commitment. Customer requirements must comply with Sharia. MS 1900 also states that management must consider Sharia requirements in financial management, human resource management, procurement procedures, production and marketing. Managers must ensure that the organization does not engage in financial transactions prohibited in Islam. Therefore, financial transactions involving usury (interest) must be avoided. Places to eat within the premise of an organization must provide halal food and drinks. (Arens, 2011).

Therefore, according to Islamic instructions, non-halal food and drinks such as wine, pork, and animals that are not correctly slaughtered cannot be served in restaurants. Managers should also ensure that non-halal items are segregated to avoid cross-contamination. In addition, as stated in the requirements of MS 1900, managers must provide a prayer room for their employees and customers. As stipulated in the requirements of MS 1900, managers must ensure that all inputs related to the product are Shariah-compliant. It is essential because halal products can only be produced from halal inputs. Managers must also ensure that all work instructions regarding the production and manufacture of halal products are well-documented and made available to all employees.

The availability of such documents is essential so that employees can constantly refer to work instructions when delivering their work. Finally, managers must ensure that equipment and assembly lines used in producing, preparing, handling and storing non-halal products are not reused to supply halal products. This condition must be complied with so that the products produced by the organization are guaranteed to be halal.

Fourth, quality policy. Management must ensure that the quality policy is Shariah-compliant. Therefore any quality policy that is not following Sharia must be avoided. Moreover, the quality policy must be carefully formulated to ensure compliance with Shariah requirements. In addition, organizations involved in halal and non-halal activities must establish separate quality objectives for their halal operations.

Fifth, Audit and Review Manager Performance. Performance Audit and Review Managers should monitor processes and products that continue to be Shariah-compliant as set out in the requirements of MS 1900. Managers should also ensure that non-Shariah-compliant products are not approved for subsequent delivery processes. This preventive action is essential to ensure that only Shariah-compliant products reach customers.

In addition, managers must collect and analyze appropriate data to demonstrate Shariah's compliance with the QMS and to continuously evaluate the system's effectiveness. They must be committed to continuous improvement and the effectiveness of the system. A review process should be carried out to check whether the adoption of MS 1900 benefits the organization. (Rehat, 2016)

Quality Management System

The Quality Management System, according to Gasperz, is a set of documented procedures and standard practices for system management that aims to ensure the conformity of a process and product (goods/services) to the needs or requirements
determined or specified by the customer or organization. The Quality Management System defines how an organization consistently implements quality management practices to meet customer and market requirements. (Tukiran, 2016)

ISO 9001:2015 is an international standard for quality management systems. ISO 9001:2015 sets out requirements and recommendations for designing and assessing a quality management system (Tukiran, 2016). The Quality Management System explains that ISO 9001:2015 relates to a Quality Management System. The Quality Management System is formed from the organizational structure, documentation, procedures and tools contained within the organization. Moreover, the goal is to provide transparency regarding the organizational structure, procedures, and tools, which can give consumers satisfaction.

In this case, from the two definitions previously mentioned, the quality management system is a tool implemented in an organization that provides transparency regarding activities. This activity is expected to provide satisfaction and can meet the needs of customers and the market. (Tukiran, 2016)

**Quality Management Principles**

Since ISO 1900:2000 was published, IOS/TC 176 has developed eight quality management principles which are an ideological basis of all the requirements articles developed (Tukiran, 2016). This International Standard is based on the quality management principles described in ISO 9000. The description includes a statement of each principle, a rationale for why the principles are essential to an organization, some examples of the benefits associated with the principles and examples of typical actions for improving organizational performance when applying these principles. The quality management principles are Customer focus, Leadership, Involvement of people, Process approach, Improvement, Evidence-based decision making and Relationship management. (Sugian, 2015)

**Sharia Quality Management System**

The Sharia Quality Management System is the Islamic Compliance Quality Management System. Compliance Requirements of Islamic Quality Management System from Islamic Perspective (ICQMS): MS 1900: 2005 has been introduced and implemented in Malaysia. Implementing MS 1900:2005 is based on ISO 9001, the Quality Management System established by the International Organization for Standardization (ISO) which applies to all types and sizes of organizations. It sets standards to increase the effectiveness of products, services and processes. Even ICQMS, MS 1900:2005, has become the basis for measuring standards nationally recognized in measuring quality from an Islamic perspective. (Othman, 2013)

In practice, Islam not only explores the issue of religious obligations but comprehensively includes guidelines on the quality of subsistence from an economic, social, cultural, political and other perspective. Therefore, carrying a positive image of Islam is seen as a progressive and dynamic religion instead of being static and negative.
Discussion

The development of the business world in the era of globalization, triggering a global competition between companies and increasing consumer awareness and expectations of quality, forces the industrial sector to identify better and develop its competencies towards competitive success (Tukiran, 2016). Standardization becomes essential so that the company's products meet industry, consumer or government quality standards. One standard that illustrates that a company or institution has excellent service is a certificate from the International Standards Organization, known as ISO (Aristian, 2017).

However, the existing quality management standards are still general, and no standards refer to Islam. At the same time, Islam views quality management as a holistic system that covers every aspect of human life. Therefore, many organizations will find it necessary to set up a quality management system based on Islamic principles. Based on ISO 9001, the MS1900:2005 standard provides a framework for a comprehensive management system. An organization will benefit not only from certifying its values but all of its processes, From the halal and non-halal aspects of production and delivery to whether this is communicated to every person in the organization. (Basir, 2013)

One of the goals of MS 1900:2005 is to improve Shariah compliance practices and increase trust among Muslims and stakeholders. This research mainly focuses on identifying the correlation between the adoption of MS 1900:2005 and organisational performance improvement (Rehat, 2016). MS 1900:2005 Islamic Compliance Quality Management is the quality management standard used in measuring Islamic quality in organisations' operations, management and production. In Malaysia, this standard is issued and supervised by SIRIM QAS International and created based on the ISO 9001 Quality Management System standard, recognised worldwide (www.msonline.gov.my, 2017).

The Malaysian Standards Department was established on 28 August 1966 under the auspices of the Ministry of Science, Technology and Innovation. The consideration of Malaysian Standards Board in establishing MS 1900 uses a structured system. It helps organizations to deliver products and services that meet customer requirements and comply with regulatory and Sharia requirements. (www.jsm.gov.my, 2017)

Initially, this standard was only considered market demand (market driven), but its development has provided a lot of added value for companies that implement it. Concerning Islamic quality management and compliance, in principle, even though the values used in this standard are based on an Islamic perspective, they are universal. All, including non-Muslims, can apply them.

The Malaysian standard MS 1900 was developed to ensure that an organization is managed according to the principles and practices of the Shari’ah quality management system. This standard requires organizations to identify Shariah control points throughout their process, guided by the principles of halal and haram and the principles of muamalat.
(transactions). This standard also incorporates a framework of core organizational values for good governance. (Khalidah, 2014)

Implementing a Sharia-based quality management system must be a strategic decision for an organization. The design and implementation of an organization's quality management system are influenced by various needs, specific goals, the products provided, the processes used and the size and structure of the organization (Khalidah, 2014). The interest in implementing MS 1900 in Malaysia is quite essential. Despite the enthusiasm for MS 1900, no framework or model was offered to guide managers in implementing MS 1900 effectively.

The application of MS 1900 helps organisations improve their management systems and enables organisations to implement management systems that comply with Shariah and Islamic obligations. Complying with Sharia obligations also brings many benefits to the organisation, such as receiving blessings from Allah, growing market, increasing public trust, improving practices based on Islamic values, promoting a friendly environment, enhancing the organisation's image and becoming a reference for the organisation.

MS 1900 embeds Sharia requirements into quality management practices with an emphasis on value-based management by increasing the level of effectiveness and efficiency through universal good behaviour practices at all levels of the organization, as well as increasing the level of Sharia compliance and trust among Muslims and stakeholders (Rehat, 2016). Ensuring that the application of MS 1900 will benefit the organization is essential. Complying with Sharia obligations will bring many benefits to the organization, such as getting blessings from Allah, growing market, increasing people's trust, increasing the trust of Muslim customers, enhancing Islamic quality culture and improving organization-wide management.

This model shows that MS 1900 implementation requires three components: ISO 9001 implementation steps, Sharia requirements in MS 1900 and MS 1900 principles. Formerly. The ISO 9001 implementation process must be integrated with the Sharia elements embedded in the requirements of MS 1900 (Azmi, 2011).

As a basis for the implementation of MS 1900, The consideration of the Malaysian standards council in establishing MS 1900 is to add the essential aspects of Islam. Firstly, adherence to Halal and Haram principles. In Islam, Muslims cannot consume products, services or food considered unclean. Products and services offered by organizations must comply with the principles of halal and haram in order for them to obtain MS 1900 certification.

Organizations must ensure that non-halal foods such as wild animals, pork and grapes are not served to customers. In addition, organizations may not be involved in financial transactions involving usury (interest), which is not permissible in Islam. No management program, product or service may conflict with the principles of halal and haram. In Islam, Muslims cannot consume products, services and food considered
unclean. Muslim scholars explain Halal and haram clearly in the Koran, al-Hadith and ijtihad. (Hasliza, 2017)

The primary basis in Islamic law is that Allah created everything as lawful and permissible. However, it becomes illegal when it goes against the clear evidence of the Qur'an and Sunnah. Any item that is haram or illegal or anything related to haram or illegal things is considered haram or illegal from an Islamic perspective. If the harm outweighs the benefit, it is haram (i.e., illegal); if the benefit outweighs the harm, it is lawful.

Second, the organization operates based on values. This principle discusses how the organization incorporates Islamic values in its management and daily activities. Islam is a universal religion that offers many noble values. Islamic values are relevant and dynamic, according to human needs to organize and develop organizations. Good values must be included in organizational development. Islam has set guidelines on the values that administrators or employees must adopt to ensure that the core ethics shape the affairs of the services they provide and are judged by Allah SWT (Khalidah, 2014). This kind of management ensures the elimination of corruption, corruption and injustice to establish equality and order in organizations and society. Attributes important in organizational operations are trust, sincerity, discipline and dedication.

Any organization that aims to obtain MS 1900 certification must ensure that practised values do not conflict with Islamic values. Organizational values such as greed, selfishness, corrupt practices, exploitation and slander must be eliminated because these values will harm every organization. Instead, organizational values that align with Islamic values, such as teamwork, benevolence, striving for excellence, transparency, honesty, fairness and tolerance, should be promoted and cultivated. (Bajuri, 2011)

Instead, organizational values that align with Islamic values, such as teamwork, benevolence, striving for excellence, transparency, honesty, fairness and tolerance, should be promoted and cultivated. This principle relates to how the organization incorporates Islamic values in its management and daily activities. Morality and the value system are given the highest priority in Islam. In this way, morality and values must be mobilized from monotheism, which means that human behaviour must follow the guidance of Allah SWT, and any behaviour contrary to the guidelines is prohibited.

Third, the decisions or actions align with the Sharia Goals (Maqasid Syari'ah). This category relates to how the organization produces products and services that align with the goals of Sharia (Maqasid Syariah) goals, namely, to ensure protection for humanity. In other words, no decision made by the organization must not conflict with Maqasid Shari'ah. Maqasid sharia means the way of life (Syari'at), as provided by Allah SWT, the purpose of which is to preserve the life of humanity.

Any organization aiming to acquire MS 1900 certification must ensure that every decision must comply with Maqasid Shari'ah. For example, if any decision taken by managers could harm the Muslim faith, the organization is not eligible to get MS 1900 certification (Basir S., 2001). This category relates to how the organization produces
products and services that align with Sharia's objectives, namely, ensuring protection for humanity. In other words, no decision made by the organization must contradict Maqasid Sharia. Any organization aiming to acquire MS 1900 certification must ensure that every decision must comply with Maqasid Shari'ah. For example, if any decision taken by the manager could harm the Muslim faith, the organization is not eligible to get MS 1900 certification. (Azmi, 2011)

CONCLUSION

From the research above, the consideration of the Malaysian Standards Board in Establishing MS 1900 is based on the fact that the existing quality management system does not comply with Sharia principles. Therefore, the Malaysian Standards Council established a standard that met the Sharia criteria. By adding Islamic elements, namely Aqidah (belief), morals (behaviour) and fiqh (interaction between people, environment and law), are synchronised into the existing ISO 9001 to build the first Islamic quality management system-MS 1900. This system helps organisations improve their management systems and enables them to practice management systems that comply with Shariah and Islamic obligations.

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