

**How to increase profitability of halal cosmetic companies? Indonesia and Malaysia Markets:
Implications for South Korea**

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ABSTRACT

This study develops configurational models to predict profitability of halal cosmetic companies in two markets of Indonesia and Malaysia. Proposed research model involves two configurations of industry context and selling strategy. Industry configuration comprises industry stability, products homogeneity, price sensitivity, and switching cost. Selling strategy includes customer-focused, competitor-focused, and margin-focused selling approaches. Data obtained from the managers of Indonesian and Malaysian halal cosmetic companies are used to test proposed configurational models using fuzzy-set Qualitative Comparative Analysis (fsQCA). This is the first empirical study that calculates causal recipes from a combination of industry context and selling strategy factors to predict both high and low scores for firm profitability. This study also contributes to the current knowledge of retailing by identification of necessary factors to achieve profitability using necessary condition analysis (NCA). The results from Indonesia and Malaysia revealed that unique and different algorithms explained conditions for high and low profitability. Theoretical and practical implications are discussed.

Keywords: industry stability, products homogeneity, price sensitivity, switching cost, selling strategy.