



THE DETERMINANT FACTORS OF HALAL TOTAL QUALITY MANAGEMENT PROGRAM FOR SMALL INDUSTRIES

IRWAN IBRAHIM

Malaysia Institute of Transport (MITRANS), Universiti Teknologi Mara, Malaysia
Faculty of Business and Management, Universiti Teknologi Mara Puncak Alam Campus, MALAYSIA
irwan623@uitm.edu.my

AFIZAN AMER

Faculty of Business and Management, UiTM Kampus Rembau, Negeri Sembilan, Malaysia
afizanamer@uitm.edu.my

HASBULLAH OTHMAN

INTI International University, Malaysia
hasbullah.othman@newinti.edu.my

IZHAL ABDUL HALIN

Universiti Putra Malaysia Selangor, Malaysia
izhal@upm.edu.my

NORINA AHMAD JAMIL

Department of Operations Management, Faculty of Business and Management, Universiti Teknologi Mara Puncak Alam Campus, MALAYSIA
E-mail : norina0048@uitm.edu.my

Corresponding author : norina0048@uitm.edu.my

Abstract: *The paper proposed a framework to assist the practitioners that involved in the area of quality management which implement or engage with halal practices in distribution of products or services. The purposed framework apply to both internal and external output from previous studies and recommend a new variable which is halal procedure as the mediator to Total Quality Management (TQM) program. Throughout the discussion, the paper provides a new insight for the readers and practitioners to utilize the TQM program within the halal procedure which has been used by many manufacturing or service companies as it is proven by many researchers that halal procedure plays an essential part in the process of delivering the products or services.*

1. INTRODUCTION

Total Quality Management (TQM) program is an approach to improve quality management. Together with Lean Manufacturing (LM), Halal Standard Practices (HSP), Hazard Analysis and Critical Control Point (HACCP), Total Quality Management (TQM), are one the factors that were identified as practices which may influence production performance improvement in many manufacturing industries (Zainal et al., 2018). For instance in pharmaceutical, restorative gadget, biotech, product manufacturers and a large group of other life science makers, total quality management program can be hard to accomplish and maintain without an appropriate total quality management program (Martin & Toledo, 2000). Regardless of whether an organization is making progress toward elevated amounts of value or to stay aware everything being equal, a TQM program can incredibly upgrade an organization's framework and to streamline the procedure for total quality control (Ahmad et al., 2018).

Year by year, the significant of the halal business has increased (Soltanian et al., 2016). According to statistics, halal business net worth has reached about \$1.292bn in 2013, this number is predicted to go up to \$2.537bn by the end of the decade (Thomson Reuters, 2014). Halal business leading to a



differentiated range of products and services (Annabi et al., 2017) such as hospitality, banking and finance, insurance, beverages and cosmetics (Talib and Johan, 2012; Borzooei and Asgari, 2014). A major driver of this growth is the growing Muslim population; 23.2 per cent of the world's population is Muslim (Pew Research Center, 2012) with an estimated growth increase of 73 per cent by 2050 (Pew Research Center, 2015). Halal industries must engage in the whole process starting from the time the product has been manufactured up to the product be distributed to the market (Zailani et al., 2015).

Based on this studies, it believed that halal procedure is important to the country especially which practicing Islamic lifestyle. Therefore aim of this paper is to identify whether the halal procedure suitable for TQM program. The paper also provide proper and more integrity to existing TQM framework by proposing the halal procedure as mediator to analyze the reference model.

2. RESEARCH OBJECTIVE

This paper aim to achieve the following objective:

1. To examine the relationship between Internal Environment Diagnosis and Halal Procedure.
2. To examine the relationship between External Environment Diagnosis and Halal Procedure.
3. To examine the relationship between Methodologies and Tools of Quality Management and Halal Procedure.
4. To examine the relationship between Strategies and Policies and Halal Procedure.
5. To access the relationship between References Models of Quality Management and Total Quality Management Program.
6. To observe the relationship between Halal Procedure and Total Quality Management Program.

2.1. STATEMENTS OF HYPOTHESIS

From thorough academic reading it leads to hypothesis, which are:

H1: There is a significant relationship between Internal Environment Diagnosis and Halal Procedure

H2: There is a significant relationship between External Environment Diagnosis and Halal Procedure

H3: There is a significant relationship between Methodologies and Tools of Quality Management and Halal Procedure

H4: There is a significant relationship between Strategies and Policies and Halal Procedure

H5: There is a significant relationship between References Models of Quality Management and Total Quality Management Program

H6: There is a significant relationship between Halal Procedure and Total Quality Management Program


3. THE RESEARCH DESIGN

Based on the TQM program framework of Martins and Toledo (2000), it suggest the variables of internal environment diagnosis, external environment diagnosis, strategies and policies of the organization, methodologies and tools of quality management, references models and total quality management program as dependent variable. This paper introduces new variable which is halal procedure that interconnected each independent variable to dependent variable.

4. LITERATURE REVIEW

4.1. INTERNAL ENVIRONMENT DIAGNOSIS

According to Martins and Toledo (2000), an assessment of the internal environment of the organization should be carried out to identify the current receptiveness towards Total Quality Management. Internal environment said to be important to determine the progress made and the "fit" between the halal program and the organization. Internal environment is important to observe that due to the lack of sensitivity to local cultures, several products have failed in emerging markets (Ghemawat, 2001; Hofstede, 2001; Sommers and Kernan, 1967) thus the implementation of Halal Procedure should be taking into consideration since this research population of study are among those who practice Islamic



lifestyle. Schilke et al. (2009) concluded that several organizational factors moderate the product innovation in emerging markets. The factors that might influence economic development path such as each country's history and size of their economies thus the lack of understanding of the local markets and creation of appropriate internal environment that will integrate well with halal procedure and to convert these localization concepts to innovation and product development will be difficult. However, it is very important to understand that without the proper understanding of internal environment the objectives to implement halal procedure initiatives would not be achieved.

4.2. STRATEGIES AND POLICIES


The Total Quality Management Program (TQMP) must align with the strategies and policies of the company and it is necessary to check that this is so, and that the TQMP makes explicit reference to those policies and strategies so that the connectivity can be seen by all (Martin & Toledo, 2000). The implementation of strategies is an important aspect of the work of boards (Stiles and Taylor, 2001), and directors should ensure their strategic intentions are realized (Brauer and Schmidt, 2008) before deciding to implement halal procedures. The halal procedure might require looking beyond the formulation of strategy and greater concern with its implementation (Siciliano, 2002) as to implement this procedure, it require vast reconstruction of current strategies and policies that may apparently not only involve companies internal environment but also companies supply chain. So, it is important to understand every inch of the company strategies and policies so that any injection of innovation or development to companies will be run smoothly and surely.

4.3. EXTERNAL ENVIRONMENT ANALYSIS

Organisations are an exposed system of management that constantly depends with their environment (Ibrahim et al, 2019). Environmental analysis is the study of organizational environment to identify and indicate those environmental factors that can significantly influence organizational operations and managers strategic decision making (Ibrahim & Harlina, 2015). For food items, buyers expect the notoriety of the firm dependent on experience on utilization of the significant time span of an organizations' item (Martins et al., 2000). This study address the weaknesses of current control systems went for defending sustenance honesty, by investigating the potential outcomes of supply chain integration in improving the nourishment uprightness, broadening by (Zulfakar et al., 2018). Activities that involved supply chain management, customer and supplier integrations is the external environments that being considered. Affirmation or disconfirmation of desires is the significant determinant of buyer fulfillment and of customer expectation to repurchase the item or not (Zulfakar et al., 2018). The affirmation with the halal sustenance determination is an imperative determinant of buying conduct, especially in halal nourishment which depending on halal marking (Zulfakar et al., 2018). Furthermore the analysis of the external environment showing the direct interact between the supplier and customer integrity with the decisisions making. Ali et al., (2017) discussed the significance of halal uprightness as one of the halal introduction procedures in Malaysia. Furthermore it comply with the determinants of firm execution in the halal industry past the accreditation acquisition (Ali et al., 2017). Managers commonly perform environment analysis in order to understand different activities and happenings inside and outside their organisation and thereby increase the chances of framing sound and effective organisations and managerial strategies by coping with the probable demands of the environment (Johan et al, 2019).

4.4. REFERENCE MODELS OF QUALITY MANAGEMENT

Martins et al., (2000) discussed that under states of trust, there is a desire that the accomplices of the supply chain are equipped for performing the tasks expected which is picked up from the straightforwardness of the business procedure by the food maker (Ibrahim, 2019). Those industry has reacted by authorizing a controlling instrument that objectives to shield the food quality and respectability. Certification utilizing investigation as the technique for appraisal is professed to be neither supportable nor powerful over the long run (Ali et al, 2018). There are no worldwide consensus



standards for halal food, which permits an assortment of utilization and requirement by the professionals, bringing about obscure creation and integrity measures (Martins et al., 2000). Quality management is the act of overseeing all activities and tasks needed to maintain a desired level of excellence. This includes the determination of a quality policy, creating and implementing quality planning and assurance, and quality control and quality improvement. Thus, researcher used the reference model of quality management discussed by Zulfakar et al., (2018). In general, quality management focuses on long-term goals through the implementation of short-term initiatives. In this research, the reference model of quality management to oversee the overall activities of performance as discussed Ali et al., (2017) stated that the food industry has reacted by upholding a controlling system that means to shield the nourishment quality and uprightness and consequently expanding the trust of the customers through branding.

4.5. METHODOLOGIES AND TOOLS OF QUALITY MANAGEMENT

Many companies applied several changes in the tools of quality control and quality assurance by using the TQM methods (Weckenmann, Akkasoglu, & Werne, 2015). According to Weckenmann, Akkasoglu and Weme (2015), the tools of paradigm in quality management include with the first process product quality which is also known as quality inspection, followed by process quality (quality control & quality assurance), and system quality (quality management & total quality management). The researcher's state that, the focal point of the tools was to guarantee an only adequate nature of conveyed products and along these lines evade complaints from customers (Zailani, Jafarzadeh, & Iranma, 2018). However, in utilizing the tools of quality management in any company some researchers contend that there are a few similitudes and contrasts among conventional and halal logistics (Zailani, Jafarzadeh, & Iranma, 2018). According to research conducted by Zailani et al. (2018), to develop products and construct an appropriate halal LSQ, they need to complete a qualitative research (Zailani, Jafarzadeh, & Iranma, 2018). Throughout their studies the halal methods that are used to measure the quality service that been conducted by Lodhi (2009) brought up the hugeness of halal confirmation in each progression of the logistics and supply chain of halal products, which is the insistence on assurance of halal products from non-halal till first to their last point. In that case, they agreed that there must be the consistent isolation of the transportation and warehousing of halal and non-halal products that should be drilled to decline profanation (Zailani, Jafarzadeh, & Iranma, 2018). Furthermore, the tools may covers the method for importing the raw materials from foreign countries, this incorporates assessing the usage of halal practices in the premises, nature of the raw materials and halal certification (Lau, Jamaludin, & Soon, 2016). Lau et al. (2016) express that, so as to get halal affirmation, audit of sanitation, inspection of the facility, ingredients and labels and training the organization personnel are essential (Lau, Jamaludin, & Soon, 2016).

4.6. HALAL PROCEDURE

These days, Muslim consumers are faced with a wide determination of halal items and services. According to past researchers, the Muslim populace is around 1.6 billion that is near a fourth of the total populace (Ali, Xiaoling, & Sherwani, 2018). In this manner, it will prompt an entirely sizable interest for Halal items in Muslims and non-Muslims countries (Ali, Xiaoling, & Sherwani, 2018). Through the studied by Ali et al. (2018) proved that there are a significant implications which may assist the marketers with developing appropriate procedures for Halal brands and its purchasing. With the ascent of Muslim populace and Halal items request in Muslim and non-Muslim countries, Halal item branding is one of the expected patterns for organizations in Muslim and non-Muslim countries, and its concept has been broadly acknowledged and applied in recent years (Ali, Xiaoling, & Sherwani, 2018). Therefore, as indicated by Ambali and Bakar (2014) the term halal includes neatness and cleanliness in sustenance arrangement since cleanliness is a piece of Muslim religion and only allows safe and halal foods or products for Muslims' (Lau, Jamaludin, & Soon, 2016). In view of research finding by Ali et al. (2018), the Halal concerns have expanded Muslim consumers' desire for Halal brands, customers are all the more ready to buy items which are Halal and furthermore offer conventional brand highlights (Ali, Xiaoling, & Sherwani, 2018). Moreover, Halal marking can enable

the organizations to access to new markets, to enjoy more competitive advantages and to build their productivity by moving at higher rates with higher profits (Ali, Xiaoling, & Sherwani, 2018).

5. PROPOSE THEORETICAL FRAMEWORK

Figure 1 illustrate the proposed theoretical framework based on the discussion above. The independant variables are internal environment diagnsis, external environment, methodology and TQM tools, strategies and policies, and quality management refences model. The mediator variable is halal procedur and lastly the variable Total Quality Management Process is the depenant variable.

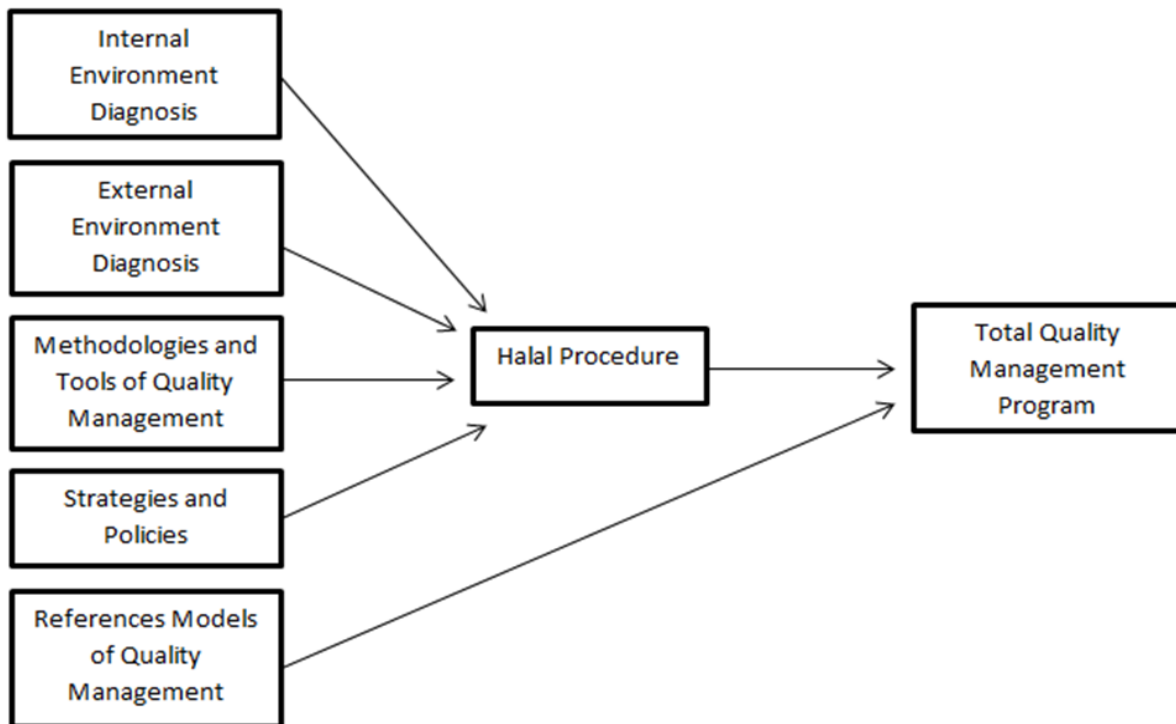


FIGURE 1 : Halal Totl Quality Management Program Framework

6. CONCLUSION

Quality management is important for organizations espacially in food and beverage industry (Amer et al, 2019). Especially when the product itself should be handled in more delicate compared to other product or services. In this discussion, more factors need to be took into account which is halal compliances. Extension of focus in halal food product can extend and raised the trust on muslims target market and non muslim target market. Halal does not necessarily focus on muslim demands, it also focus on extra care of hygiene in handling food. Hence, integration of halal food supply chain and total quality management is important for the industry to be study and enhanced.

In this research, we found that the halal food supply chain does not only involve in the internal handling of the food by the organizations itself. It also depends on the integrity of the external environment or the supplier integrity. A proper strategy were applied to have more control with the integrity compliances.

6.1. RECOMMENDATION

As discussed in the research, a proper strategy need to be applied to react with the external factors such as the supplier and customer integrity. As for the internal environment or few other factors, organizations should have more sturdy structure in handling the halal food supply chain.

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