

# **Total Quality Management Practices: A Comparison Study between Halal and Non-halal Food Producer Companies in Malaysia**

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## **Abstract**

This research aims to empirically compare the multidimensionality of total quality management and its impact firm sustainability in the halal and non-halal food manufacturing in Malaysia. Based on existing studies, we consider six scopes total quality management include strategic planning, leadership, customer focus, human resource management, process management and information and analysis grounded in Malcolm Baldrige National Quality Award benchmarks and three modules of firm sustainability performance contains financial performance, Marketing performance, and partnership performance were acknowledged. Total sample size is 80 operational individual were selected from the halal and non-halal food manufacturing sectors that have or planning to have the ISO 9001:2000 authorization. Descriptive statistics and partial least square procedures were applied to assessment the research framework. Outcome of the current cross sectional research shows significant difference with respect to the forming of total quality management and impact of it on firm sustainability performance between halal and non-halal food manufacturing sectors. Basically, this study can be applied by halal policy and decision makers in halal food industry, researchers in halal studies, and master & PhD students.

**Keywords:** Comparison Analysis, Technology Management Modeling, Halal Sectors

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## **Introduction**

Total Quality Management (TQM) is a system management that focus on customer satisfaction in order to sustain a business success. It is a managerial philosophy that focus on enhancing the capacity of an organization to understand the customer needs (Luburić, 2014). TQM focuses on continuous process improvement within the organization to provide superior customer value and meet customer needs. Historically, TQM practices have enjoyed increased attention during the 1980s in response to the lack of competitiveness in US manufacturing industries and the perceived superiority of Japanese firms in delivering continuous improvement in all aspects of productions accordance with customer demands (Giroux, 2006). Quality is the foundation of TQM practices for firms that interested to deliver high quality products and services that satisfy the customer needs (Sharma et al., 2010). To this regards, all members of an organization are responsible to continuous performance improvement (Hoque, 2003). TQM enhances the profitability of companies when managers are evaluated by using performance evaluation systems that employ measures of the manufacturing process (Chenhall, 1997). Nevertheless, there are several controversies regards the elements in relation to TQM. These elements do not fully coincide, and not all such fundamentals that compose the TQM theoretical framework can be called TQM without management factors being implemented in the organizations where they are based (Lloréns Montes et al., 2003).

## **Material and Methods**

In the current paper, a quantitative survey applied to empirically analyze the conceptual framework. The questionnaire include four parts. The first part is about the demographics of our respondents include gender, age, education level, experience, and position. The second part contains company information like number of employee, age of the company, ownership and ISO certification. The third part of the questionnaire involves 30 questions concerning of the six scopes of the TQM practices. These scopes include a) strategic planning (four questions) b) leadership (five questions), c) customer focus (six questions), process management (six questions), human resource management (five questions), information and analysis (four questions). The forth part of the questionnaire is about company performance based on three indicators which are financial, marketing, and partnership performance.

A validated questionnaire is considered and distributed randomly in selected manufacturing food companies in Malaysia. Our respondents were senior manager, senior manager, direct manager, and CEO. From 120 distributed questionnaires, only we have received 80 completed questionnaires. Figure 1 shows the conceptual framework of the research.

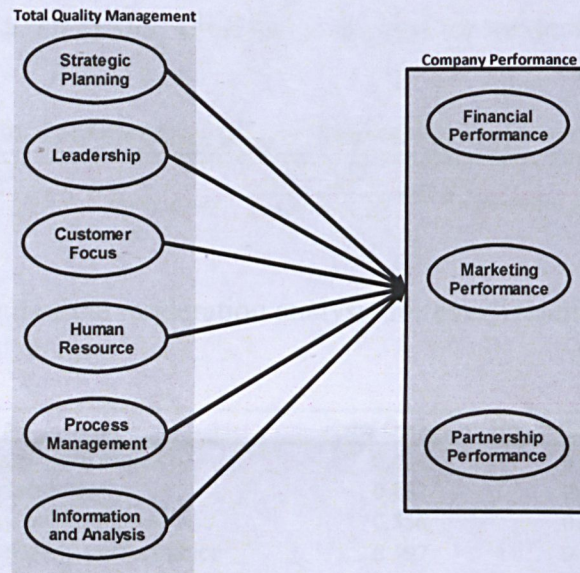


Figure 1. Research Framework

## Data Analysis

Table 1 shows the descriptive statistics of research indicators for all 80 food companies.

Table 1. Descriptive Statistics of the Constructs

	Mean	Standard Deviation	Minimum	Maximum
<b><u>Total Quality Management</u></b>				
Strategic Planning	6.236	2.059	3.357	9
Leadership	7.236	3.257	2.654	9
Customer Focus	6.089	3.097	3.895	9
Human Resource Management	7.568	2.978	1.257	9
Process Management	7.482	2.984	2.678	9
Information and Analysis	7.014	1.368	3.146	9
<b><u>Company Performance</u></b>				
Financial Performance	6.589	2.657	4.587	9
Marketing Performance	8.365	3.647	4.678	9
Partnership Performance	7.568	2.781	5.124	9

**Table 2** shows the comparison analysis between halal and non-halal food manufacturing companies in terms of the effecting of TQM practice on company performance.

In the current research, type of the company in terms of halal or non-halal structure is considered as a moderator in the research model. Chin test is applied for moderation analysis via t-test with the following formula:

$$= \frac{\text{Regression Coefficient}_{\text{halal group}} - \text{Regression Coefficient}_{\text{non-halal group}}}{\left[ \sqrt{\frac{(m-1)^2}{(m+n-2)} * S.E.^2_{\text{halal group}} + \frac{(n-1)^2}{(m+n-2)} * S.E.^2_{\text{non-halal group}}} \right] * \left[ \sqrt{\frac{1}{m} + \frac{1}{n}} \right]}$$

**Table 2** displays the output of the moderation analysis for every relation in the research model.

**Table 2:** Moderation analysis

Path	Halal Company	Non-halal Company	Chin's Test
strategic planning → company performance	0.434	0.662	3.257*
leadership → company performance	0.457	0.648	2.924*
customer focus → company performance	0.556	0.597	1.214
process management → company performance	0.497	0.444	1.145
human resource management → company performance	0.349	0.399	0.547
information and analysis → company performance	0.508	0.611	0.932

## Discussion

This research intended to examine the connection between elementary of TQM practice including: strategic planning, leadership, customer focus, human resource management, process management and information and analysis with the total company performance. Based on **Table 1**, results show that the highest value is belongs to human resource management (mean is 7.568) and the lowest value belongs to customer focus (mean is 6.089). Moreover Company performance is measured based on three indicators such as marketing, financial, partnership. Result shows the highest satisfaction of the performance is financial performance which is equal to 8.365.

Among six relationships which are mentioned in **Table 2**, the impact of strategic planning and leadership on company performance in non-halal food companies are higher than the halal food companies. The differences in these two relationships are significant. This comparison study is

very helpful for policy makers to understand the situation of halal and non halal food companies in terms of TQM practices.

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